

OUR ACTIONS DO THE TALKING: The Taste of Responsibility

Sustainability Report
Romania
2020





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Dear friends,

In a year when many activities were disrupted by the pandemic, Kaufland's dedicated team was proud to continue providing vital food products and more, while maintaining rigorous protocols to prevent the spread of COVID-19.

We adapted quickly to the new context, reacting promptly, in line with the unfolding situation, and with the utmost responsibility, and our main focus was to maintain the health and safety of our employees, without whom we couldn't manage during this period, as well as that of our customers and all our partners. Receiving the Dekra certification, which is only granted following on-the-spot checks, not online, which makes the whole process complete, rigorous, reliable, and fair, confirming that all safety measures against the spread of Covid-19 are correctly and fully implemented, was a guarantee that Kaufland Romania stores are officially „trusted locations“.

Doing good business is the best business. That's why the pandemic was also a test of commitment: are we good enough to not just look after ourselves, but to show, especially in times like these, that our actions do the talking? Our strong belief is that a company should acknowledge its role not only in business, but also in society, that is why we understood that 2020 was going to be a challenging year that will require joint actions, common efforts and a great sense of solidarity.

We realized from the beginning of this period that we had to act quickly, so we stood by our employees - with prompt action, permanent assistance, dedicated information tools, recognition of efforts and bonuses, by the community - with numerous projects started immediately, to mitigate the negative effects caused by Covid-19, by our partners in need - small and medium-sized suppliers, by the authorities - to whom we transferred taxes in advance, to support the rebalancing of the economy, by our customers - by demonstrating the reliability and trust built up over time through education and awareness campaigns,

by launching new services: the expansion of online ordering platforms with home delivery in several cities, but also in rural areas and a special program for disadvantaged people with free home delivery.

We understood that only through a holistic and sustainable approach we could successfully face any situation, so we pooled our resources and worked as a team.

2020 was also the year in which we celebrated 15 years since the opening of the first Kaufland store in Romania and the first brick of everything that we built together until today. I am proud of our team and that, in all these years, we grew as a family.

Having a sustainable business means also having a healthy environment, which is why we continue to choose the taste of responsibility, working hard to develop new climate targets and strategies, to have a visible, measurable, long-term impact in the community and the environment. Therefore, as of August 2020, The Schwarz Group, representing all parts of the company, officially joined the Science Based Targets initiative (SBTi), which gave us a clear pathway to reduce greenhouse gas emissions (GHG) from our operation, but also from the entire supply chain.

We committed to a target of reducing our operational greenhouse gas emissions (Scope 1 and 2) by 80% compared to 2019. To achieve this, we intend to purchase 100% of our electricity from renewable energy sources from 2022 onwards.

Despite the attention being shifted to more urgent needs, we stood by our commitments in the REset Plastic strategy, invested in more actions to reduce plastic consumption in our packaging materials, but also in actions to promote and educate our communities, and encourage recycling. We continued to facilitate recycling for our customers, installing recycling machines in the parking lots and dedicated collection systems inside our stores.

Through this sustainability report, I invite you all to discover more details about our actions in 2020, our ongoing efforts and commitments for the sustainable growth and development of the company and communities. Without further ado, I will let our 2020 actions do the talking and invite you all to get a sense of the taste of responsibility.

Marco Höbl
General Manager Kaufland Romania



This report was printed on recycled paper.

About the Report

This is the Kaufland Romania's fourth sustainability report, presenting information regarding the company's activity during financial year 2020 (01.03.2020 – 28.02.2021).

This report has been prepared in accordance with the GRI Standards: Core option.

For the Kaufland specific indicators, the data was collected based on KAUF LAND Romania Corporate Social Responsibility (CSR) methodology approved by Company's Management. Details about the methodology are specified for each specific indicator in the relevant sections of the report.

The report is structured into three chapters: *Our Company, Our People, Our Commitment to Local Communities* and includes relevant information for all of the company's stakeholders. The report's structure and content were based on the materiality process that took place in 2021. The information in the report presents the company's activity in Romania, in relation to its 140 stores, 2 logistical centers and head offices.

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

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Kaufland Romania's 2020 Sustainability report was prepared with the support and technical guidance of The CSR Agency.

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01 **Our company**

Kaufland in Europe

Kaufland in Europe

Kaufland is part of the Schwarz Group, a company among the top retailers in the world with about 12,900 stores and 500,000 employees in 33 countries. The Group's total revenue for the 2020 fiscal year amounted to 125.3 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 Dienstleistungen, 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.

The Schwarz Group at a Glance

TRADE

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.

SCHWARZ DIENSTLEISTUNGEN

Schwarz Dienstleistungen 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.

PRODUCTION

Schwarz Produktion produces high-quality private label products in the areas of beverages, chocolate, dried fruit, baked goods and ice cream for Lidl and Kaufland. Three plastics and recycling plants are also part of a unique material cycle in which PET bottle bodies are predominantly made from 100 percent recycled material.

DISPOSAL / 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 to zero.





Celebrating 15 Years in Romania





Kaufland Romania is part of the European Kaufland store network, headquartered in Germany, with operations also in Czech Republic, Slovakia, Croatia, Poland, Republic of Moldova and Bulgaria. Present in Romania for the past 15 years, the company operated at the end of 2020 a network of 140 stores, 2 logistics centers and 2 administrative offices.

Our Romanian story began on October 13, 2005, with the opening of the first Kaufland store in Colentina.

Since then, Kaufland embarked on a successful path, in which innovation was a fundamental concept, brought to life every year by our teams from stores, warehouses and offices. 15 years later, Kaufland welcomes its customers in stores transformed to improve their shopping experience, while incorporating resource consumption efficiency in a good working environment.

in Romania,
in 2020:

140

stores

2

logistics
centers

2

administrative
offices



- ▬ Store
- ▣ Logistic center
- ◆ Headquarters
- Stores opened in 2020

Our Principles and Values



As one of the leaders of the retail market in Romania, we are aware of the role and responsibility we have towards our clients, partners and employees, as well as towards the communities where we operate and which we owe our growth and performance to them.

All our actions are based on a set of values and principles that guide our behavior every day and constantly help us improve.

Performance, dynamics and fairness are values that define our activity and that help us always implement specific actions that target client satisfaction. Day by day, through perseverance, courage and passion, our team succeeds in implementing the best, most efficient solutions, that help us follow through with our commitments and to reach our goals.

Our management model as a promise to our employees:

- **Communicate clearly and give direction**
- **Develop employees and be a role model**
- **Perform strongly and create dynamics**
- **Fair handling and to create trust**
- **Live responsibly and be a role model**



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

- Customer satisfaction marks our daily actions.
- Our position in the market is determined by a superior quality/ price ratio.
- We develop through expansion and continuous improvements in our stores.
- As a company with many stores, we operate on a system basis.
- Short decision-making paths and simple operational processes are the determinants of our success.

- We respect current legislation and internal regulations.
- We take very seriously our economic, social and environmental responsibility.
- Fairness is a mandatory condition in how we behave, especially with our colleagues.
- We respect and support each other.
- Agreements are respected in a climate of mutual trust.
- Appreciation, recognition of merits and the ability to take criticism on board characterize our working environment.



Economic Performance

We continue to be at the top of the Romanian retail market, with a direct economic value generated of almost 13 billion lei at the end of the financial year 2020 (February 28, 2021). We grow sustainably from year to year, increasing

the number of sustainable products we offer, supporting social projects that generate long-term impact and maintaining our position as a responsible employer. All this would not be possible without strong values and solid principles.


Financial year (March-February)	2018 million lei	2019 million lei	2020 million lei
DESCRIPTION			
Direct economic value generated	11,051.50	12,136.31	12,989.52
Revenues	11,051.50	12,136.31	12,989.52
Economic value distributed	-10,253.68	-11,262.77	-12,073.82
Operating costs	-8,962.83	-9,837.59	-10,576.73
Employee wages and benefits	-691.70	-781.87	-903.19
Payments to shareholders	-9.70	-8.41	-6.93
Payments to government/state budget	-558.92	-592.98	-552.22
Community investments	-30.50	-41.92	-34.75
Economic value retained*	797.82	873.54	915.70
DESCRIPTION			
Net sales	10,347.17 million	11,257.09 million	11,934.04 million
Private label sales	1,239.04 million	1,465.53 million	1,814.69 million
EXEMPTIONS GRANTED BY THE STATE			
Tax credit	30.50	36.69	38.31
Reinvested profit	4.70	11.05	17.58

*there might be minor differences between the categories sum and the total economic value retained, due to rounding

In the 2020 financial year, the company was also granted two other types of tax credit: for the purchasing of electronic cash registers (1.51 million) and for the timely payment of taxes, during the pandemic (12.27 million).

Our Products

With more than 29,000 products included in our assortment in 2020, out of which more than 24,000 are food articles, we are always striving to offer our clients a wide range of products, through a portfolio comprised of food and non-food items produced following the highest quality standards and the commitment to prioritize locally sourced products. In order to address the ever-changing needs of our customers, our private label product offer caters to all tastes and lifestyles

 **Of the total 24,091 food items in our assortment, 65,6% (15.797) are nationally sourced.**





Our private label products

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.



K-take it veggie

Wide range of vegan or vegetarian products, offering great variety for all clients wishing to adopt a healthier, balanced diet, while also catering to customers living with food intolerances.



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 audited in independent laboratories.



K-Bio

Includes a variety of bio products, fairly priced, produced in accordance with the Council Regulation (EC) No 834/2007 of 28 June 2007 on organic production and labeling 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.



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, tested to exclude possible adverse reactions to nickel, and the paper packaging is FSC (Forest Stewardship Council) certified.

Hip&Hopps

The new childrenswear private label includes t-shirts, long-sleeve blouses, jackets, leggings, trousers, sports shoes, sweatshirts, vests and many more. They are suitable for any kind of activity, either going to classes, working out or going to the park with family or friends. All **Hip&Hopps** products offer carefully selected materials, superior processing, durability and functionality. Most natural fibers used are made of certified organic cotton.

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.

K-favourites

A brand that underlines the principle that quality products don't necessarily need to be expensive. We use the best ingredients to prepare delicious products that bring added value to the consumer. For example, our **K-favourites** jams contain 75% fruits. To guarantee the quality of each of our ingredients, we only work with suppliers carefully selected and conduct independent quality audits.



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: babies, teens, men and women. We have committed to removing microplastics from the content of all products in this range by 2021, introducing the "Microplastic-free" seal. At the moment, the entire bevola Baby product range does not contain microplastics.

Countryside

Gardening and outdoor design product range, aimed at those who love spending time outdoors. The products are TUV verified, while the warranty period for electrical equipment is longer than the legally imposed one. Wood items are FSC certified and are sustainably produced.

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 savored, can be found in the To Go section of our stores.

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

Also, customers have access to a series of benefits within Kaufland stores:

- **Fresh baked goods throughout the day**
At the Kaufland bakery, customers can always find fresh bread and bread rolls – from morning to late in the evening.
- **Cash registers without sweets**
Within Kaufland stores, parents benefit from being able to pay at cash registers that do not showcase sweets.
- **Free returns**
Customers planning parties can buy more drinks for their guests without any worries. Unopened bottles that do not present any damage can be returned within 14 days since the purchase, by simply presenting the receipt.
- **Toll-free numbers**
In case of complaints, other suggestions or simply to offer feedback, customers can call us using the toll-free phone number 0800 080 888, Monday-Friday between 8:00 am – 8:00 pm and Saturday between 8:00 am – 5:00 pm or they can write to us, at www.kaufland.ro/contact.

Responsible Assortment

Responsibility is highly important for us. That is why we promote transparency along our supply chain, especially for our private label portfolio. We want to offer our customers certainty regarding the origin of our private label products.

At the same time, the retail industry has a direct impact on how natural resources and raw materials are processed and consumed. 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.

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.

Information regarding fish traceability

In order 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 private label 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 products offered to 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.



ASC:

The Aquaculture Stewardship Council (ASC) seal identifies responsibly produced fish and seafood. ASC-certified farms must prove that they work in an environmentally friendly way and provide good and fair working conditions.

More at: www.asc-aqua.org



MSC:

The Marine Stewardship Council (MSC) seal identifies fish from sustainable fishing. MSC-certified fisheries ensure that fish stocks are in good condition, the marine habitat is protected and bycatch is minimised.

More at: www.msc.org



EU-Bio-Logo:

The EU organic logo identifies food products that have been produced and controlled in accordance with EU legislation on organic farming. It stands for organic production and animal welfare.

More here



EU Ecolabel:

The EU Ecolabel is awarded for daily consumer goods and services. The label identifies products that have a lower environmental impact than comparable products.

More here



Fairtrade:

Fairtrade label for cocoa: Cocoa producers can sell additional shares of their harvests under Fairtrade conditions. This leads to an improvement in their living and working conditions and to a more environmentally friendly production.

More at: www.fairtrade.net



FSC®:

The FSC® seal is carried by wood and paper products that are independently certified according to the strict guidelines of the Forest Stewardship Council®. This promotes responsible forest management worldwide.



Fairtrade:

Fairtrade stands for better prices for smallholder families, as well as decent working conditions for employees on plantations in developing and emerging countries.

More at: www.fairtrade.net



GOTS:

The Global Organic Textile Standard (GOTS) ensures the sustainable production of textiles along the supply chain. From the extraction of organically produced natural raw materials up to environmentally and socially responsible production and transparent labelling.

More at: www.global-standard.org



Rainforest Alliance:

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

More at: www.rainforest-alliance.org



UTZ:

The UTZ seal is awarded to coffee and tea from sustainable production. UTZ's mission is to create a world where sustainable production is the norm.

More at: utz.org



V-Label:

Products that are either vegetarian or vegan carry the V-label. Vegan products do not contain animal ingredients or processing aids such as meat, fish, egg and dairy products.

More at: www.v-label.eu



Sustainable cleaning:

K-Classic cleaning products that contain the „Sustainable Cleaning“ logo are obtained through production processes with a reduced environmental footprint.

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. The Group 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 from natural fur or containing natural fur. Amongst these, for example, there are textile products, accessories and animal toys.

Eggs

Regarding egg products and private label 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 private label products by 2025.

Microplastics

As early as 2013, in our "Voluntary commitment (without) microplastics", we have committed ourselves to completely dispensing with microplastic particles in our private label products in the areas of cosmetics, personal care as well as detergents and household cleaning agents. These have been replaced by natural and renewable raw materials, among others. With our extended definition of "Microplastic Free Formula", we have set ourselves the goal of no longer using microplastics and non-biodegradable, synthetic polymers in the formulations of Kaufland's cosmetic products and detergents, cleaning agents and household cleaners of its private labels by the end of 2021 onwards - provided that the waiver does not result in a significant reduction in product performance and/or safety. In addition, we are in regular dialog with our branded goods suppliers in order to make appropriate progress in the industrial brand area as well.

CERTIFICATION	Private label	Other	Total certified articles
Fairtrade	70	26	96
Organic (bio)	158	487	645
FSC (non-food)	172	0	172
Rainforest Alliance	5	7	12
UTZ	24	11	35
Sustainable fishing	2	6	8
Sustainable cocoa	47	0	47
Sustainable coffee	21	4	25
Sustainable tea	6	13	19
Sustainable eggs	0*	27	27
MSC	5	0	5
FSC (food)	16	12	28
GOTS	287	3	290
TOTAL*	813	596	1,409

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

Meeting the needs of our customers

We are aware that we need to remain agile in responding to the evolving needs of our customers. At the same time, we recognize that the industry that we're part of has the responsibility to address the need for safe and nutritious food, that meets the requirements of different diets. Therefore, our assortment includes various articles, private label and others, of lactose-free, gluten-free, vegan or vegetarian items, as well as articles with a reduced content of sugar, salt or increased nutritional value.



43
lactose-free articles



149
gluten-free articles



124
vegan articles

Awards, Certifications and Affiliations

Awards

CSR Index 2020

1st Place
for Kaufland Sustainability Report 2018-2019,
Sustainable Shopping for Sustainable Living

For the third consecutive year, Kaufland Romania ranked first in a top of the most sustainable companies in the country, scoring 98/100 points. The analysis conducted by the consultancy The Azores was presented during the fifth edition of the Romania CSR Index. 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 GRI Sustainability 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 therefore proves 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.



A MESSAGE FROM OUR PARTNERS:

The partnership that we have with Kaufland Romania helps us to develop impact projects and programs that help the celiac community in Romania.

Our campaigns that aim to inform, educate and raise public awareness about celiac disease have helped to improve the rate of diagnosis and increase the knowledge and information about celiac disease and the gluten-free diet, thus changing the perception of this disease.

Angela Stanescu
President, Romanian Association
for Gluten Intolerance

Special Award for Leader CSR CSR Awards

The CSR Awards competition is an event that aims to bring forward projects, products, campaigns and people that brought a positive impact in the lives of clients and local communities in Romania. Our colleague, Anna Katharina Scheidereiter, was awarded the Special Award for being an outstanding leader in CSR, during the 2020 edition of the event.

Best Sustainability Initiative Progresiv Awards

Progresiv Awards is a project started to showcase successful people, companies, brands, and projects from the FMCG industry. We were honoured to rank first in the Best Sustainability Initiative category, for our awareness campaign, to promote reduction of single use plastic bags consumption, "Consumul excesiv de pungă, daunează grav sănătății (tr. Excessive use of single use plastic bags can be bad for your health)". The category targeted business or management initiatives that generated a quantifiable positive impact or reduced the negative impact brought by the company's interaction with its stakeholders: clients, end consumers, suppliers, employees, NGOs, or surrounding environment.

Gold Level Community Index The Azores

Community Index is the first and only index that evaluates community investment projects and programs that companies implement 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 2020, Kaufland was awarded the **Gold Level recognition**, for projects in four categories:

- Environment: Waste Management – **Recicleta** (Kaufland and ViitorPlus)
- Disadvantaged Environments – **Every Child in School, Ponorata** (Kaufland and Reality Check Association)
- Raising Awareness – **Romania without gluten Caravan** (Kaufland and Romanian Association for Gluten Intolerance)
- Art, Culture, Traditions – **Cinemobilul**

Certifications

Certification | 🔍 Description | ✓ Validity



Best Buy Award – Best Quality/ Price Ratio

- 🔍 An established research method intended to guarantee that customers purchase the highest quality product at the best price.
- ✓ 2019 - 2020



Icertias, Customer's Friend – Certified Superior

- 🔍 In the Customers' Friend program Icertias seeks out companies, products and services that are so impressive that they are the choice consumers would recommend to their friends and colleagues. Inspection includes qualitative secondary research on factors such as the quality of the company's relationship with its employees and customers, the company's financial indicators and its reputation, which includes the public image of its owners and directors.
- ✓ 2019 - 2021



Icertias, Customer's Friend – We care

- ✓ 2019 - 2021



Qudal – Symbol of maximum level of quality

- 🔍 The bearers of the QUDAL - QQuality meDAL gold seal are decided upon exclusively by consumers on the basis of scientific market research. Research is conducted through a web questionnaire, according to the innovative DEEPMA (Deep Mind Awareness) method. Each QUDAL - Quality - DEEPMA research is conducted for a whole series of market categories. During testing, the DEEPMA scheme enables the avoidance of the surveyed group listing the most popular (the so-called Top of Mind) brands, that is, for the power and popularity of a brand to be eliminated in the greatest possible measure during the market research so that they may be questioned about the quality of the very product or service.

Poll question: "Specify the name of a company, product or service that you consider the best example and symbol of the maximum quality level on the Romanian market"

- ✓ 2020 - 2021



Qudal – Superior Quality voted by the clients – Fruits and vegetables department

- 🔍 *Poll question:* "Specify the name of the fruit and vegetable department in the supermarket chains in Romania, that offer the best quality/ price ratio, in your personal opinion and based on your experience".
- ✓ 2020 - 2021

Affiliations

- ✖ International Advertising Association Romania – [IAA](#)
- ✖ Association of Major Retail Networks in Romania – [AMRCR](#)
- ✖ Romanian-German Chamber of Commerce – [AHK](#)
- ✖ European Supply Chain Initiative – [SCI](#)
- ✖ Sustainable Romania Coalition – [CRS](#)
- ✖ HR Club
- ✖ Romanian Diversity Chamber of Commerce – [RDCC](#)
- ✖ [Diversity Charter](#)

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 private label products
- ✓ Bio, fresh products from local suppliers
- ✓ Kaufland's health-focused private labels (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 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.

- ✓ Supporting local communities by investing in educational projects
- ✓ Supporting the workforce through partnerships with academia
- ✓ Offering our employees development and continuous learning programs



Goal no. 8 | **DECENT WORK & ECONOMIC GROWTH**

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

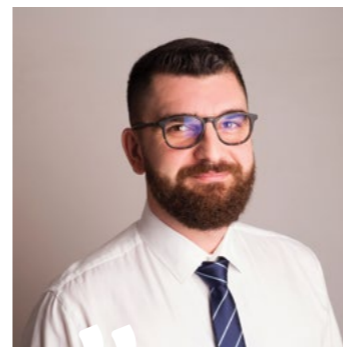
- ✓ Ethics and corporate governance
- ✓ Compliance, safety, and risk management
- ✓ Investing in our employees
- ✓ Constantly evaluating our performance regarding the work environment and conditions provided to employees
- ✓ Expanding, opening stores in under-developed areas
- ✓ Implementing measures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



Goal no. 12 | **RESPONSIBLE CONSUMPTION AND PRODUCTION**

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

- ✓ Reducing food waste
- ✓ Efficient material use
- ✓ Improve sustainability of the procurement process for raw materials
- ✓ Strive for healthy, environmental-friendly use of chemicals in the production of our private labels
- ✓ Improve the reuse, recycling and recovery of our waste
- ✓ Empower and support our employees to act sustainably in his area of activity



A MESSAGE FROM OUR PARTNERS:

It is very important for companies in Romania to understand that sustainable development goes beyond business boundaries and can only be achieved through strong partnerships and collaboration. We were very happy that Kaufland understood this at the very beginning of the program, and in 2018 chose to join our efforts and support our mission to create a better future for us and the generation that will follow.

Our partnership grows stronger every year, with each impact project developed under the umbrella of Sustainability Embassy in Romania.

Dragos Tuta
Founder and President of
Sustainability Embassy in Romania

Founder of the Sustainability Embassy in Romania

We know that being present nationally comes with great responsibility. We are a role model, a strong voice that can generate and encourage the change that is needed so that the planet future generations inherit is not shadowed by ecological disasters, poverty, and inequalities.

That is why in 2018 we became a founding partner of the Sustainability Embassy in Romania, aiming to contribute to creating a community of people that live for future generations, promoting responsible business practices.

The Sustainability Embassy in Romania program aims to develop a community comprised of all players wishing to operate responsibly towards our country, hence addressing the business environment, professional associations, the governmental sector, civil society, academia and the diplomatic sector. Since 2018, the Embassy hosts numerous events, meetings, workshops and free training courses for students from the biggest university centers in Bucharest.

In addition, as part of the Schwarz Group, we support the following initiatives:

The Global Commitment

We signed the New Plastics Economy commitment led by the Ellen MacArthur Foundation in 2018, aiming to accelerate the shift towards a circular economy for plastic.

United Nations Global Compact

Through our participation, we prove our commitment to implementing the ten principles covering topics related to human rights, labor, environment and anti-corruption and further showcase our dedication to supporting the UN Sustainable Development Goals.

Science Based Targets Initiative (SBTi)

As part of our Group-wide climate strategy, we officially joined the Science Based Targets Initiative (SBTi) back in August 2020. After the preparation of the complete carbon footprint and its analysis, climate protection targets were set according to the SBTi methodology and backed up with measures to reduce, avoid or offset CO₂ emissions in operations and along the supply chain. These targets were validated and officially approved by SBTi.

Acting with Responsibility

Company Management

Ethics and integrity are key pillars for our strong corporate culture, but more than that, essential parts for our sustainable growth and development. Having this in mind, our internal policies and procedures guide the measures we implement to ensure that our values are adopted and respected by our entire team and partners in the value chain.

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

PANA MARIUS GABRIEL

Romanian | Executive Director Sales/SCM

BINGENHEIMER NICOLAI

German | Executive Director Purchasing

KALUSCHE CHRISTIAN

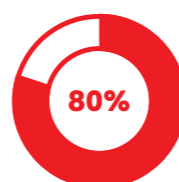
German | Executive Director of Administration

FALA SERGIU

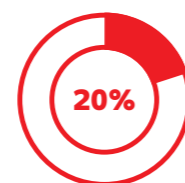
Romanian | Executive Director Central Division



100%
of Board members are male



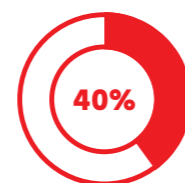
80%
of Board members are aged between 30-50 years old



20%
of Board members are over 50 years old



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



40%
of the Board members are hired from local community

Note:
Board = senior/ top management
local community = Romania

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 and safeguarding this corporate principle.

Therefore, the actions conducted by the company and our employees are 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 and safeguarding this corporate principle.

Against this background, the company has implemented a Compliance Management System (CMS), that includes binding CMSstandards. 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 anticorruption/ 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.

Code of conduct

Undertaking ecological and social responsibility is more than the foundation of our daily activity – we also ask our business partners to apply the suitable standards. Through the Schwarz Group Code of Conduct for Business Partners, we define the criteria our contractual partners must meet and we ask that they guarantee following minimum social standards, such as adhering to social and environmental legislation.

The Code of Conduct is the foundation of long-term relations with our suppliers. It is based on international standards and directives, such as the principles of the International Labor Organization (ILO), of the Universal Declaration of Human Rights adopted by the United Nations (UN), of the UN conventions regarding children's rights, the principles of the UN Global Compact, as well as the guidelines of the Organization for Economic Co-operation and Development (OECD) for multi-national enterprises and the Paris Climate Agreement.

This Code of Conduct is also available for commercial subunits, authorized by our business partners, that are involved in making products or providing services for Kaufland. You can access our Code of conduct for business partners [here](#), or by entering www.kaufland.ro – *Despre Kaufland – Responsabilitate – Implicarea face diferenta – Lant de Aprovizionare.*

Anti-corruption and Anti-competitive behavior

In order to minimize the risk of corruption, all business partners signing contracts with our company are informed in regard to the organization's anti-corruption and compliance policies, through the Code of Conduct that they sign at the beginning of any kind of contractual relation.

In order 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 2020. 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.

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 469 times in 2020, the company getting promptly involved for their immediate remediation and for establishing measures which prevent the reappearance of such non-conformities.

Reporting channels

In order to avoid risks, it is essential that potential irregularities are identified at an early stage and reported to the relevant authorities. We carefully examine all notifications regarding breaches of the compliance principles, confirmed cases being punished accordingly.

We offer all our employees, customers, competitors and partners the possibility of reporting non-compliance with legislation, the code of conduct or internal regulations. In order to protect those involved, we treat every information 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.

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

Human rights

At every stage along our global supply and value-added chains, we strive to respect, promote and protect human rights. Together with our employees, customers, business partners and stakeholders, we work every day to advance human rights – and this is particularly expressed in our commitment to fair business practices and good working and living conditions.

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.

Human rights due diligence at Kaufland, as part of the Schwarz Group is founded upon our commitment to upholding human rights as established in the internationally recognized standards and guidelines.

Our approach for implementing human rights due diligence

Identifying the risks, assessing the potential impacts and developing effective countermeasures is an ever-present challenge in implementing human rights due diligence.

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.



Marketing and Labeling

Customer satisfaction is our core concern. In an environment where their needs and wishes are ever-changing, we aim to offer them the best shopping experience, permanently informing them about options available to them in our stores.

The sustainability of our assortment is an important aspect 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.

In order to make informed decisions, our clients must be able to easily access information regarding product ingredients or components, how to use them safely and how to eliminate them at the end of their lifecycle. As such, we closely follow all regulations regarding appropriate product labeling of private label items.

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

Product labeling

Product labeling is a process regulated by specific legislation for each product category: food, cosmetics, detergents, toys etc. Within Kaufland Romania, the Quality Department (QA) ensures that all the labels of our private label products comply with legislative regulations concerning mandatory product information, while the Private Label Department is responsible for information regarding packaging.

Nutrition facts: All our food products offer a short presentation of the most important nutritional information, such as calories per 100g and 100ml, percent of the daily recommended dose and other additional nutritional information like: ingredient list, allergen indications, special instructions for people with food intolerances, fats, sugar or salt, as required by legislation in force. Clients can quickly and easily evaluate the calorie intake and nutrient dose, without difficult conversions.

Detailed information regarding ingredients: We see transparency and safety as very valuable. We offer clients information about the ingredients of all K-Classic products in compliance with the legal requirements.

Customers can easily and quickly access information about the ingredients of K-Classic products containing surfactants. Using the GTIN/EAN code found on every pack, clients can search the company website to access substances found in all K-Classic products containing surfactants.

Consumer Health and Safety

All of our actions and activities are based on caring for our customers, consumers and users of products found in Kaufland stores.

For that, the company has committed to address all client complaints regarding private label products in less than 48 hours. 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 private label suppliers to strictly follow legislative norms and regulations applicable in the country of origin in regard to product quality. Likewise, as a requirement, our private label food and near-food suppliers must first be certified in compliance with IFS Food standards (the strictest standard in food safety) or BRCGS (leading brand and consumer protection organization) - BRC-Food Safety, BRC-Consumer Products standards, or go through an audit as per our requirements. 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, on the basis of previously established criteria.

More than that, our food suppliers receive and acknowledge our General 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. In particular, for defined product groups we have additional quality requirements.

Product recalls

In 2019, there were two cases of recalled products in the food category, while in 2020 we did not register any food product recalls. However, we did have a situation of a non-food product recall.

Self-check program

We periodically require our suppliers to undertake laboratory tests on products found in our stores, to ensure compliance with the quality standards promised. The tests are conducted by external authorized laboratories, with a frequency established by contractual terms, depending on each supplier and product. **In 2019, 620 such processes took place, while in 2020, there were 1,082 product analyses conducted.**

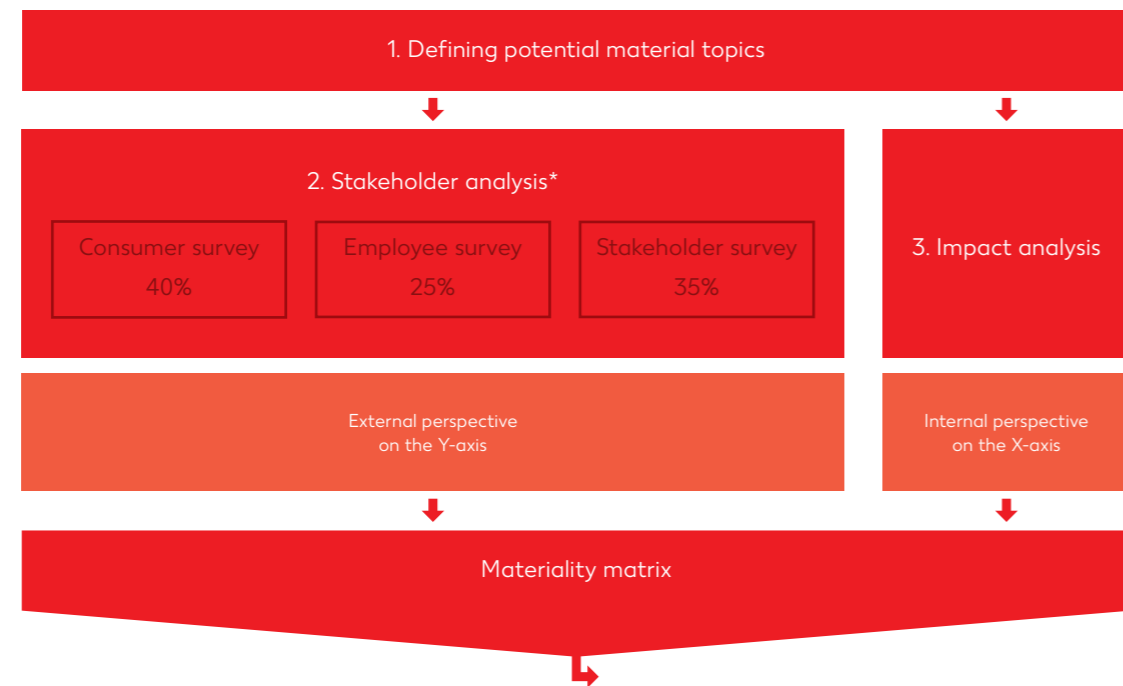
Apart from the test numbers that took place in Romania, there are also tests of private label products sold here, that were conducted in Germany.

A close-up photograph of a hand holding a single cotton boll. The background is a blurred cotton field with many more cotton bolls, illuminated by the warm, golden light of a sunset or sunrise. The overall mood is natural and agricultural.

Materiality Process

The material topics that lay the foundation of the reporting process were established through the materiality process that took place between April and August 2021. The external research included stakeholder groups such as employees, consumers, NGOs, suppliers, authorities, mass-media and academic representatives.

The survey was conducted online, on a sample of 319 employees, 1,400 consumers and 110 other stakeholders (suppliers, non-governmental organizations, authorities, academic representatives, mass-media). When defining the material topics, each stakeholder category had a specific weighting ratio in the final evaluation of the topic, as follows:



As stakeholder dialogue is a key part of our sustainability strategy, and their feedback is essential to achieving sustainable growth, the purpose of the survey was to determine those sustainability topics that are important to stakeholders, to analyze how they perceive Kaufland's achievement of the necessary targets, and to identify areas where measures need to be improved.

Likewise, internally, the topics were prioritized by the board members and specialists within the company, according to the dimension of the

impact Kaufland generates in each direction. The 5 board members had gathered in a meeting to discuss and analyze the general context of the topics, but also the impact and opportunities resulting from Kaufland's activity and ways to address these impacts.

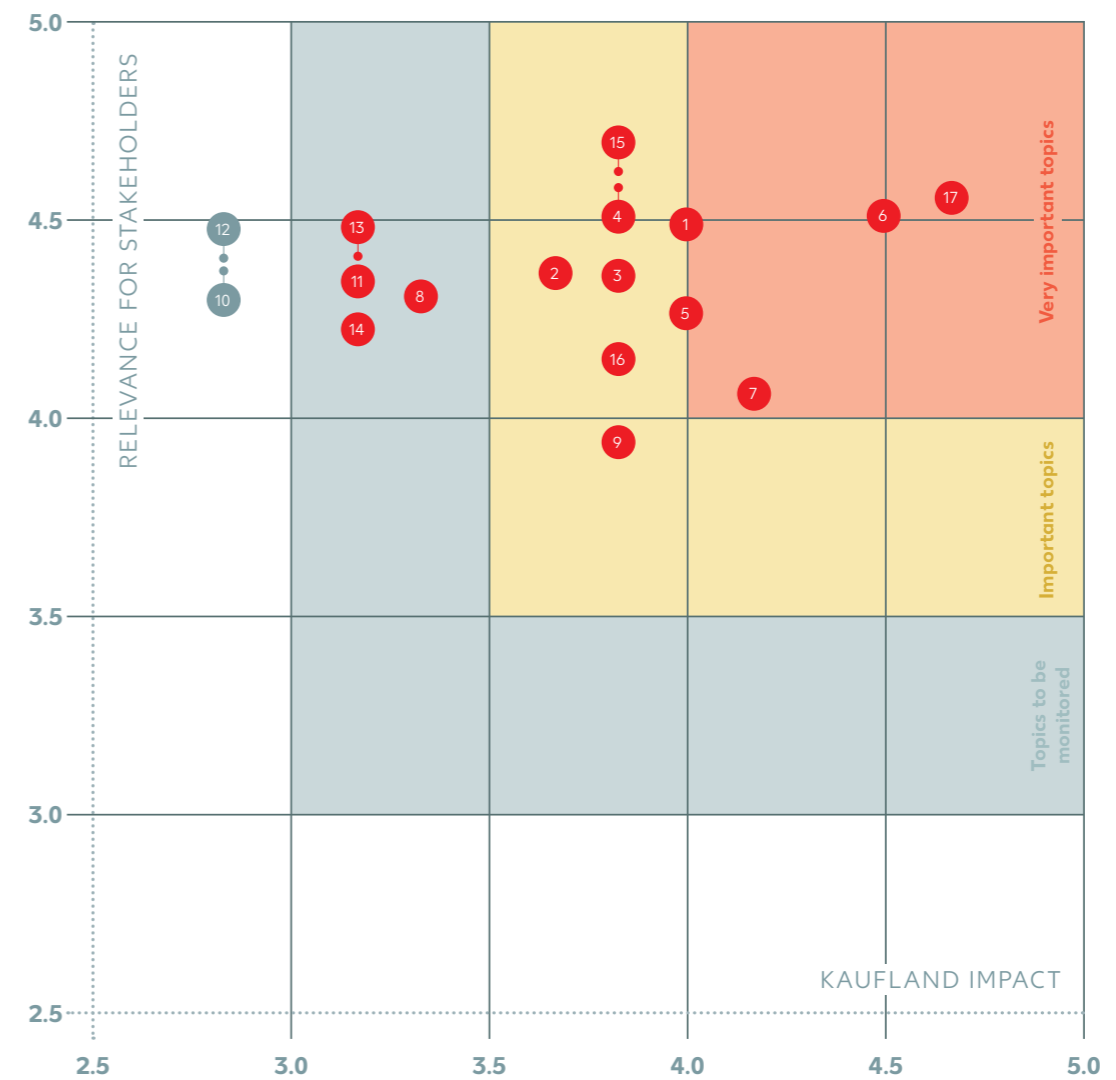
For each of the topics evaluated, two ratings have resulted, which are representative for the two dimensions: relevance for stakeholders and impact of Kaufland, presented in the materiality matrix in the next page.

*determination of weightings was done by Kaufland, together with external expert assessment

Materiality Matrix

Material Topics

- 1 Expansion of healthy product range
- 2 Expansion of 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.

At the same time, the responses received were analyzed for each stakeholder category so that, beyond the general priorities, we could also identify the specific priorities for that category.

The results of the study indicate that for consumers the most important topics:

- Promotion of domestic and regional products
- Avoidance of food waste
- Operational environmental protection
- Expansion of healthy assortment
- Social commitment to people & the environment

Transparency in the store, customer services relating to sustainability issues as well as green logistics are considered less important for our consumers:

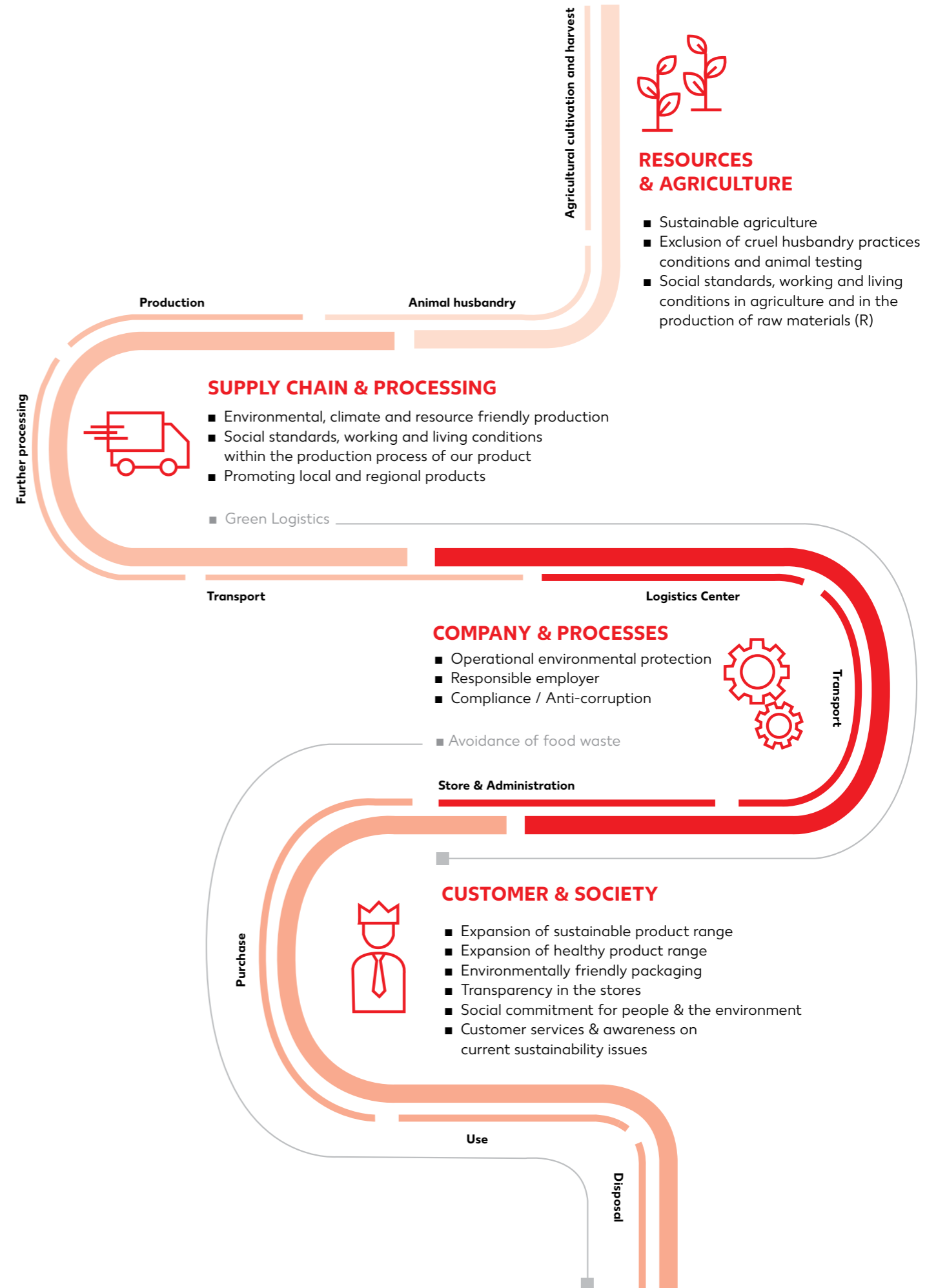
- Green logistics
- Customer services & raising awareness of current sustainability issues
- Transparency in the store
- Expansion of sustainable assortment
- Social standards, working and living conditions in agriculture and raw material extraction

The most important topics for the rest of the stakeholders (suppliers, NGOs, academics, media, authorities/politics) are:

- Prevention of food waste
- Operational environmental protection
- Promotion of local, regional products
- Expansion of healthy product range
- Social engagement for people & environment

The less important topics for the rest of our stakeholders are:

- Transparency in the store
- Green logistics
- Compliance / Anti-corruption policy
- Client services & awareness-raising measures regarding current sustainability topics
- Elimination of cruel animal housing conditions/ animal testing





A MESSAGE FROM OUR PARTNERS:

Our role as a university is to contribute to community development, and from the Kaufland's sustainability report, we understand that you are looking at long-term development and cares about what happens to future generations, as part of the company's strategy. This gives us a common purpose.

In the local context of Iasi and our region, the fact that these meetings are taking place, means that Kaufland cares about the local community, not just sponsoring specific events and projects. It takes a lot of effort and commitment and, I believe, that together with Kaufland, we can have a positive impact on not only students, but also local communities.

Prof.univ.dr. Mihaela Onofrei
Vice-rector of
Alexandru Ioan Cuza University in Iasi

In addition, to get a better understanding of the materiality results and for the verification of the quantitative surveys and analysis of the findings, we organized direct dialogue sessions with academics, representatives of our suppliers, NGOs, and employees. Key points and messages received during the meetings were extracted and presented throughout the report for the relevant topics, in the *A message from our partners* sections.

The input received during these meetings is of great value for us and will further help us to better plan our sustainability strategy and community investments.



Stakeholder Engagement

We believe that a strong dialogue with our stakeholders is a valuable tool to build trust and understand the role that Kaufland plays in local communities and society. Listening and responding to our stakeholders is a core part of our sustainability management approach. We define our stakeholders as those groups on whom the company's activities have an impact or who can influence the company's activities.

We've undertaken a thorough mapping of our stakeholders and divided them into key groups, committing ourselves to continuing to review this process to ensure we understand their perception and position regarding our company.

STAKEHOLDER GROUP	Interests	How we engage and communicate with our stakeholders
Consumers (individuals or businesses)	products, services, events, Kaufland newspaper, product quality, product availability, pricing, ambiance rent prices, services, events	Kaufland website: www.kaufland.ro Our Actions Do the Talking platform Kaufland Romania Facebook page Kaufland Romania Careers Facebook page Instagram: @kauflandromania Youtube LinkedIn Kaufland Newspaper Surveys TV and outdoor advertising Dedicated events Newsletters Telephone calls through the Customer Relations Department Direct mailing Personal meetings Telephone calls Surveys Printed materials: leaflets, advertorials, flyers, brochures etc.

STAKEHOLDER GROUP	Interests	How we engage and communicate with our stakeholders
Employees	company projects, events, legislation, administrative information, development opportunities, benefits, health and safety, recognition	Intranet Kaufland Romania Careers Kaufland Romania Facebook page Surveys Internal events Direct mailing Professional training courses Notice boards Newsletters Internal magazine Surveys Internal engagement app
Suppliers	products, services, events, Kaufland newspaper, terms of partnership, collaboration, project communication, terms of engagement	Dedicated events Direct mailing Personal meetings Telephone calls Surveys
Authorities	taxes, reporting, legislation, transparency	E-mails and written correspondence Telephone calls Personal meetings Surveys
Civil society/NGOs	social projects and sponsoring, local community involvement	Direct mailing Personal meetings Dedicated events Surveys
Academic representatives	partnerships for students, employment, research opportunities	E-mails and written correspondence Dedicated events Direct meetings Telephone calls Surveys
Mass-media	collaboration, project communication, quality of information	Press releases Press conferences Direct mailing Telephone calls Surveys

02 Our people



We believe that strong, long-term relations are built with trust, commitment and respect.

Regardless of the type of contract that our employees have with us, we continuously work to ensure the best working and development conditions for our people. Ongoing communication and the feedback received from employees help us constantly improve and develop the best conditions for them.

The dedication and hard work of our employees has brought us, for the sixth consecutive year, the "Top Employer" certification in Romania, and the "Top Employer" in Europe certification for the third year in a row, becoming the only company in Romanian retail reaching this record, meaning that our efforts to ensure a safe working environment and to support all team members in their daily activities, are being recognised. 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.

OUR RESPONSE TO THE COVID-19 PANDEMIC: for Our Team





2020 has been a difficult year worldwide. The entire society, economy and businesses have been impacted in a way that will have long-term effects. With great challenges across our way, no matter how hard the past year has been, we managed to stick together and keep our mission going. Our employees made great effort to provide our customers with quality products and services, despite all the restrictions caused by the pandemic. They demonstrated once again that when working together, as a team, we can overcome even the most difficult moments.



+

We realized at the very beginning of this period that we needed to act fast and make split-seconds decisions, prioritizing the safety of our employees and customers. Some of the main actions that we implemented were:

- Equipping cash registers in our stores and headquarters with protection panels
- Installing devices that measure body temperature in headquarters and modifying entrance doors for hallways in the main headquarters, to remain permanently open, thus allowing good ventilation, as well as replacing the main entrance and stairwell doors with automated sensors
- Placing signaling tape to highlight safety distance and poster messages to promote prevention measures across all working areas
- Providing free disinfectant and sanitation facilities for staff in all working areas

- Constant internal communication on all available channels to inform employees of all new measures at company level or imposed by authorities
- Internal campaign to promote accountability and vaccination
- Dedicated telephone line for the entire Kaufland team, for correct and complete information
- Facilitating vaccination appointments for the colleagues that were interested, at the beginning of the vaccination campaign (phase 2)
- Facilitating generation of electronic employee certificates
- Offering the possibility to work from home for colleagues whose job responsibilities allowed it
- Obtaining the DEKRA Trusted Facility Certification for our stores, to guarantee employees and customer protection

To support our employees and reward them for the efforts they made and their great mobilization, we announced in March, a 7.74 million lei* bonus for employees in stores and logistic centers, as well as the introduction of immediate payments for the extra hours worked, while in November we announced that we will offer all our employees 4.84 million lei** worth of bonus vouchers, as an appreciation for all their hard work.

*or 1.6 million Euro
 **or 1 million Euro
 at an exchange rate of 1 Euro = 4.8371 lei
 (average exchange rate in 2020, National Bank of Romania)



A MESSAGE FROM OUR PARTNERS:

Kaufland Romania has been a pioneer in what concerns our relationship with the business environment. We have a complex partnership that also contributed to the sustainable development of our faculty. Several alumni of our faculty are now proud employees of Kaufland, particularly also because of the company's CSR policy and projects, as this aspect has an increasingly influence on more and more young people.

At the same time, we hope that this partnership will also be an engine that will generate an advance in what dual studies mean in Romania.

Tanase Stamule
Dean of Faculty of Business Administration
in foreign languages

A Team Built as a Family

As a responsible company, we are committed to ensure a balanced work-life environment for our employees, which is built on trust, respect and open communication. We know that having a satisfied employee brings prosperity not only to the company, but also to the local environment.

With this in mind, we are committed to contribute to the sustainable development objective no. 8 - Decent Work and Economic Growth, closely monitoring our contribution to achieving the indicators in this area.

We know that when one is just starting out in a career, one needs ambition, support, and guidance. The important thing is to find the right team to start with, to rely on and to support you. These are the opportunities that Kaufland is bringing to the Romanian market and who could be better to speak about this than Cristina Neagu, named the best female handball player in the world four times. "Pas cu Pas catre Performanta" (Step by Step towards Performance) campaign is based on the belief that every activity carried out in the company plays its part in the global framework of our common success. We wanted to develop this idea and communicate it externally, to those who don't know our organizational culture, but also internally, through messages built together with Cristina Neagu.

Corporate sustainability is not possible without the implication and dedication of our team, which in 2020, counted 15,321 employees; out of these 72.5% are women and 27.5% are men.

15,321 Employees



72.5%
Women

27.5%
Men



Number of employees by employment contract and working hours*

CATEGORY	2019		2020	
	Women	Men	Women	Men
Employment contract				
Permanent contract	10,054	3,978	11,069	4,181
Temporary contract	101	40	42	29
Total	14,173		15,321	

*average monthly values of ongoing contracts (in the financial year 2020)

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

Data for 2019 is calculated at the end of February 2020, while data for 2020 is calculated at the end of February 2021, 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.



Total

New employees and staff turnover

CATEGORY	2019 01.03.2019-28.02.2020				2020 01.03.2020-29.02.2021			
	New employees		Employees who left		New employees		Employees who left	
	No.	Rate (%)	No.	Rate (%)	No.	Rate (%)	No.	Rate (%)
GENDER								
Women	2,772		3,111		2,686		2,456	
Men	1,673	31.67	2,244	38.10	1,528	28.36	1,844	28.90
Total	4,445		5,355		4,214		4,300	
AGE*								
<30	2,178		2,502		2,000		1,933	
30-50	1,824	31.67	2,261	38.10	1,843	28.36	1,825	28.90
>50	443		592		371		542	
Total	4,445		5,355		4,214		4,300	
REGION								
Area 1 (Nordwest)	1,384		1,779		941		1,166	
Area 2 (Southeast)	1,000		1,132		1,108		1,116	
Area 3 (Southwest)	787		956		850		754	
Area 4 (Northeast)	782	31.67	856	38.10	803	28.36	662	28.90
HQ	121		89		94		71	
Ploiesti logistics center	262		364		255		336	
Turda logistics center	109		179		163		195	
Total	4,445		5,355		4,214		4,300	

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.

New employees rate = No. of new employees in financial year 2020 / Average number of employees during the financial year 2020 * 100

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).

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

Employees who left rate = No. of employees who left during the financial year 2020 / Average number of employees during the financial year 2020 * 100

Average number of employees during the financial year 2020 = [People inventory turnover period 12 Previous Year + (Σ People inventory turnover 1-12 Financial Year)] / 13

Average number of employees during the financial year 2020: 14,859



Inclusion and Equal Opportunities

We are constantly making efforts to have an inclusive workspace, to create opportunities and reduce barriers for everyone, particularly for under-represented groups. Our human resources policy is based on developing a supportive work environment where all employees can reach their full potential. 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.

We ensure that all discrimination forms are eliminated by taking strong measures and implementing actions, guided by our core principles and values:

- prevention of any kind of discrimination, through implementing special measures, to protect disadvantaged people that do not benefit from equal opportunities
- mediation through amicable resolution of individual employee complaints, grievances, and notifications, as a mandatory procedure prior to legally acting
- not tolerating any discriminatory behavior

For this reason, all our employees have access to:

- freedom to choose and exercise a profession or activity
- being hired in any available role and at any level of the professional hierarchy
- professional counseling, induction, qualification, perfecting skills, specializing or professional requalification programs
- being promoted to any professional and hierarchical level if they meet the necessary requirements and qualifications
- working conditions that respect occupational health and safety norms, in accordance with legislation in force
- benefits, other than the salary package, such as social security
- employers' organizations and professional organisms, as well as to benefits provided by them

To make sure that our employees are updated in regards with our internal policies on topics related to diversity and equal opportunities, non-discrimination and human rights, we train and inform them regularly. In 2020, two types of trainings on these aspects were assigned to our employees: General legislation on preventing all forms of discriminations (4,693 assignments), Communicating with people with disabilities (15,046 assignments).

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

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



In 2020, the company did not register any confirmed incidents of discrimination.

Number of employees in administrative offices

OFFICE LOCATION	2019		2020	
	No.	%	No.	%
Bucharest, Barbu Vacarescu	444	56	474	58
Bucharest, Tunari	249	31	232	28
Head office - DL (Dienstleistung)*	105	13	111	14
Total	799	100	817	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
External*	44	97

* 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, security. During peak times of our activity, we use leasing companies to meet the needs of personnel.

When hiring and when establishing individual rights, we follow legislation in force regarding the principle of equal treatment of all employees, without discriminating based on gender, sexual orientation, genetic characteristics, age, nationality, race, skin color, ethnicity, political beliefs, social origin, disability, family responsibility, trade union involvement or participation or any other criteria that aims to or results in diminishing or removing recognizing, using or exercising rights described in the collective bargaining agreement.

A.C.C.E.S. Program

Involvement in the community has always been one of the main pillars of the company's activity, so through the A.C.C.E.S. program, we aim to meet the needs of people with disabilities by providing them with reliable and stable jobs and also with adapted equipment for a good performance of their professional activity.

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

The initial results were very impressive, as they revealed the true dimensions of the effort needed to integrate people with disabilities. It is a major challenge, but one that we are happy to accept, as we intend to commit all our resources and experience as a national employer to the challenge. 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
- employing more than 500 people with disabilities by the end of 2021
- international coverage of the program within the Schwarz Group

Through this program we send a strong and encouraging message to people with disabilities - anyone can find their place in the Kaufland team, no matter what makes them different.

Currently more than 90 Kaufland locations employ at least one employee with a disability. As we continue to offer a wide variety of positions dedicated to people with disabilities in all Kaufland locations across Romania, in 2020, 4 Kaufland stores in Bucharest were equipped with cash registers specially designed for employees in wheelchairs. The investment amounts to a total value of 160,000 lei* and is a confirmation of the company's commitment to provide all employees with optimal working conditions.



Given the pandemic context, our goal of employing at least 500 people with disabilities by 2021 was achieved in proportion of 89.6%. At the end of financial year 2020, the total number of employees with disabilities was 448, an increase of 84% in just one year.

*or 33,000 Euro at an exchange rate of 1 Euro = 4.8371 lei (average exchange rate in 2020, National Bank of Romania).

Employees with disabilities

POSITION	2019		2020	
	Men	Women	Men	Women
Non-Management	90	153	189	258
Management	1	0	1	0
Total	244		448	

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.

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

CATEGORY		Non-management	Management	Executive management	Top management	Total
		2019				
Men	<30	1,249	33	0	0	1,282
	30-50	1,883	345	6	4	2,238
	>50	480	17	0	1	498
	Total	3,612	395	6	5	4,018
Women	<30	1,778	26	0	0	1,804
	30-50	6,276	297	7	0	6,580
	>50	1,744	27	0	0	1,771
	Total	9,798	350	7	0	10,155
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

Out of all management roles (Top and Executive management), women occupied:

In 2019: **38.9%** of all positions
 In 2020: **41.2%** of all positions

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.

Average age within the company, by position

CATEGORY	2019	2020
	on 28.02.2020	on 29.02.2021
Non-Management	38.69	38.99
Management	38.17	38.79
Executive management	40.64	41.73
Top management	45.21	46.21
Total	38.68	38.99



The average age of employees: **38.99**

Remuneration and Benefits Policy

One of our top priorities is to create a fair working environment and offer competitive salary packages for all our team members, regardless of their level or position within the company, which is why, as a follow-up to the wage increases announced last year, from 1 March 2020 **we have increase the gross minimum wage to 3,650 lei.**

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

When setting the employees' salaries, the company forbids any discrimination based on sex, sexual orientation, genetic characteristics, age, nationality, race, color, ethnicity, religion, political option, social origin, disability, family status or responsibility or union membership or activity. When determining individual salaries, aspects such as the candidate's professional competence and skills, the degree of autonomy, the level of training and knowledge required, the duties and responsibilities of the position, the economic context, and the market conditions, etc. are considered.

Value of benefits for employees

BENEFITS	Full time, part time, temporary contracts/ internships (lei)	
	2019 01.03.2019 - 28.02.2020	2020 01.03.2020 - 29.02.2021
Meal vouchers	44,541,087	47,347,837
Life insurance	294,700	360,870
Aid in case of personal events (wedding, birth, death, social aid etc.)	3,058,460	3,078,356
Other bonuses	1,958,777	2,472,392
Retirement provisions	497,949	756,212
Private health insurance	1,914,254	1,849,671
Gift vouchers and bonuses for employees and minor children of employees	8,277,263	12,333,890
Others (benefits in-kind, rent etc.)	10,999,236	16,328,471

The total financial value of benefits provided to employees during the reporting period is

84,527,699 lei.

The company's internal regulation stipulates that benefits are granted to employees regardless of the contract type (permanent/temporary contract) or the working hours (full-time, parttime), in accordance with the stipulations of the collective bargaining agreement.

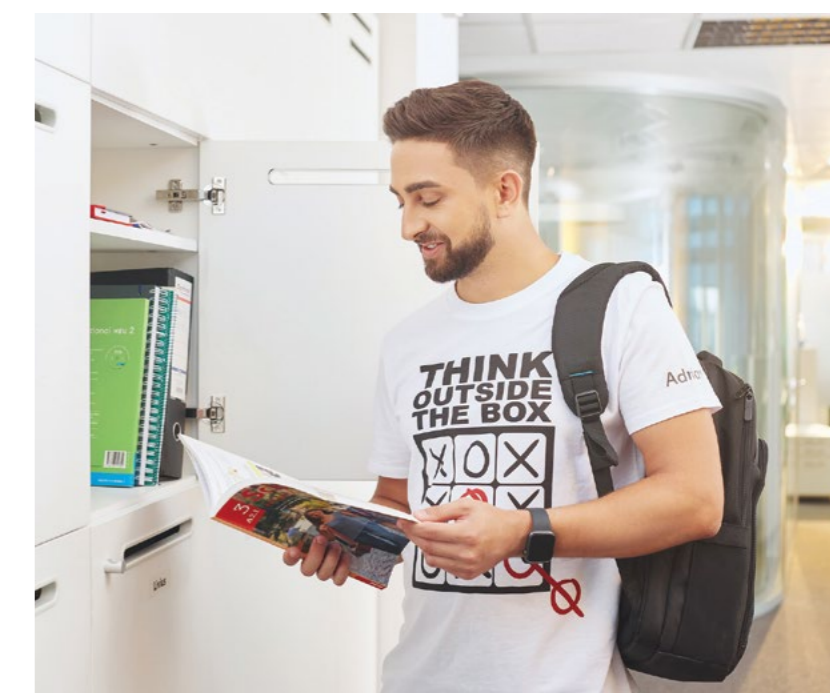
2020 was a difficult year for the entire world, and we know that we couldn't have overcome it without the involvement of every member of the team. As a sign of our appreciation and gratitude for the efforts and solidarity shown throughout this period, we have offered to our employee's bonuses worth more than 7.7 million lei.

We are constantly investing in the well-being of our employees, and we know that a work-life balance is an essential aspect of a healthy work environment, that's the reason we are offering a robust **package of benefits:**

- flexible work schedule in the headquarters
- sabbatical leave
- the possibility to work remotely
- leave and additional days off
- family and free time
(the possibility of bringing children to work, access to the Bookster library, free language courses for our employees' children)
- gym subscriptions
- sports events and internal championships
- access to quality medical services

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 benefits that are decided by the employer after consulting with trade unions/ employee representatives:

- Meal vouchers
- Christmas and Easter presents for employees' children aged 14 and under
- Voluntary social benefits for Christmas
- Compensation if employment is terminated for reasons not related to the employee: 3 gross employment salaries for execution roles.
- Compensation in the event of collective redundancies: 6 gross employment salaries.
- Compensation if employment is terminated due to physical or mental incapacity: 3 gross employment salaries.
- Retirement allowance for employees retiring due to old age:
- Continuous seniority of 4 years: 1 basic salary (current value at the time of retirement) is granted.
- Continuous seniority of 5-8 years: 2 basic salaries are granted in the month of retirement.
- Continuous seniority of over 8 years: 3 basic salaries are granted in the month of retirement.
- Compensation for failing to offer weekly rest: bonus of 150% applied to the basic salary (twice the bonus mentioned in the Labor Code for additional hours).

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

- 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 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.
 - 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)

Because our actions do the talking, we encourage our employees to take the 2 paid days off/year to volunteer in projects such as, for example, ecological actions in partnership with Let's Do It, Romania!, building housing for low-income families through the Big Build project or reforestation actions etc.

Growing Together

We want to make a real contribution to our employees professional and personal growth, depending on the stage of life they are at and the direction in which they want to develop, so we are continually investing in training and development programs for them.

Ongoing professional development helps our employees to maintain and build new skills in order to meet the ever-changing demands of our times. Our team is one of the most important assets the company has, and only together, through dedication, perseverance and development, we can build a sustainable future.

Professional training within the company takes place following the stipulations of legislation in this domain, a training system for specialized personnel being regularly organized, in accordance with the duties in the job description and as part of annual or multi-annual planning.

We emphasize the important role which open communication and trust have upon the relationship with our employees by evaluating a set of employee behaviors and performance. 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.

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.



The average number of hours of training per employee in 2020:

27



In 2020, the average number of hours of training:

- per male employees: **26**
- per female employees: **28**
- per employees in Management: **22** (all management position)
- per non-management employees: **26**

Talent management

An open and constructive feedback discussion is the premise for employee development and good collaboration. The Talent Management process represents the feedback process that takes place annually and addresses all 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 has the opportunity to 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 2020 in electronic format. 627 electronic forms were registered in 2020.

Kaufland Connect App

Kaufland Connect is the mobile internal app that can be accessed by all our colleagues in the company. By using it on their personal or work phones, they can benefit from:

- fast access, anytime and anywhere, to news and useful information about what is happening in the company (news, benefits, surveys, contests, internal social portal, "K Family", locations and addresses, company events calendar, etc.),
- the possibility of interacting with each other, through chat windows, with a strong guarantee for data security.

Strategic goals:

- **equal and fast access to information of interest for the company or colleagues;**
- **faster (top-down communication) and more secure information flow;**
- **mobile platform focused on employee services;**
- **strengthening the sense of belonging, loyalty, and increasing the degree of satisfaction and employee involvement.**

The internal mobile app, **Connect**, was launched on November 16, 2020 through a campaign based on the #FOMO (fear of missing out) concept - the feeling of understanding that others might have satisfaction experiences, full of rewarding, from which you are absent.

In parallel with distributing the letters containing the credential for our colleagues' login, during the launch stage, the campaign's main message "all important things happen in Connect, our new mobile app dedicated to you" was communicated to our employees through all media channels: Intranet promotional articles, posters in all Kaufland locations, digital signage, POS radio, video tutorials with Connect-R, app ambassador, etc. During the post-launch phase, various campaigns were implemented to increase users' commitment, as well as the number of users in the application.



A MESSAGE FROM OUR PARTNERS:

Kaufland Connect is the internal platform that brings all the company's employees together, whether they work in stores, logistic centers, or head and regional offices. It's the place where any colleague can find out the latest news in real time, stay up-to-date with their employee benefits and take part in special surveys and competitions.

The easy and accessible way to communicate represents the main feature of this app, which also contains a chat that allows users to initiate a discussion with any colleague, or within a group.

Valer Hancas
Communication and Corporate Affairs Director,
Kaufland România



Occupational Health and Safety

Occupational safety and health are imperative for us, not only to protect our workers, but also to help create prosperous communities and sustainable economies.

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 competencies.

Other activities in the field of occupational health and safety, that are not conducted by the internal service, are carried out by 2 external providers of 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.

All company employees are covered by the Occupational Health and Safety management system.

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 also, 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 and management 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 an internal instruction for cases of serious and imminent danger. The main measures in such cases are to stop the equipment, evacuate the staff, notify the specialized services, notify the line managers, and eliminate the cases. Also, for such situations, the managers of the workplaces have a guide for exceptional events in which the main measures for rescuing people are described, as well as the contact details for specialized emergency services and the operational method for announcing situations of serious and imminent danger.

Investigating work accidents

Employees are instructed to inform their direct supervisor of any injury they have suffered. The first step in investigating accidents at work is to report the event to the territorial labour inspectorate. In such situations, an investigation committee is set up, which includes the occupational health and safety specialist. The stages of investigating accidents at work are specified in the methodological rules for the application of the law on OH&S and foresee the collection and analysis of relevant information about the injured person, the equipment involved, the work process and others, the conclusions being contained in the report of the investigation

of the event which, following the description of the place where the event occurred, the equipment involved, the circumstances and the manner in which the event occurred, the causes that led to its occurrence, the persons responsible and the measures established to avoid the occurrence of similar events are established. The measures set out in the investigation report are carried out by the manager of the workplace, the external/internal prevention and protection service, and after their completion, the manager of the workplace notifies the Territorial Labour Inspectorate in the timeframe set out in the investigation report.

OH&C 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
- 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 programmes, 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	IR* (%)	Other workers**	
	Men	Women			Men	Women
Number of fatalities caused by accidents at work	0	0	0	0	0	0
Number of incidents with a high probability of causing serious injury (e.g. explosions, traffic accidents).***	5	12	17	0.63	1	0
Number of people involved in accidents at work	53	82	135	4.98	1	0

*Rate of work-related injuries = total number of accidents/ total number of hours worked x 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).

**Other workers (e.g., contractors, service providers, etc.), besides employees, are not included in the rate calculations, as total number of hours worked by workers that are not employees is not available.

***these are only traffic accidents, included in the 135 total work accidents

+
Total number of hours worked:
27,102,612.

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.

$$IR = \frac{\text{total number of work accidents}}{\text{number of hours worked by employees} \times 200,000}$$

03 Our Commitment to Local Communities



**OUR RESPONSE
TO THE COVID-19
PANDEMIC:**
**for Our
Communities**



As the events at the beginning of 2020 unfolded, we realized immediately that what was going to come next will call for solidarity, collaboration and fast actions. We didn't hesitate for a moment and joined our efforts with partners from the NGO sector, to provide help where it was needed. During the entire year, we adapted and developed programs aimed at supporting the health sector, educational process and people in vulnerable communities.

March:

Since the first COVID cases in Romania, we made a plan and adapted our financing programs In stare de bine (Able to do Good) and START NGO so that civil society can apply for projects that meet the immediate needs of the communities. We launched the In Stare sa ajut (Able to help) grant program, providing around 2.5 million lei in funding to NGOs across the country that responded to the needs of the most vulnerable communities and groups. At the same time, to support elderly and disabled people, who could not leave their homes at that time, we launched a special helpline together with Glovo and The Margareta of Romania Royal Foundation, offering them the possibility to order products by phone and pay on delivery.

April:

We paid 69 million lei to the state and local budgets in advance for 3 months. We offered social tickets to all 47 Social Protection State Offices in order to help them procure food and hygiene products for children and adults within the social protection system. At the same time, we wanted to show our gratitude to the

medical staff on the front line, providing food products for the preparation of 12.000 meals, for two months, within the #Now initiative, launched by the Kané - New Romanian Cuisine restaurant, temporarily turned into a community kitchen. Through the Solidarity for Digital Education project developed by the Ateliere Fara Frontiere Association, we supported students from families without financial resources from 7 localities in Timis county during the suspension of classes in pre-university education, through a donation of 105 refurbished computers.

May:

We expanded the home delivery service initiated together with Glovo and the volunteers from The Margareta of Romania Royal Foundation to 11 new towns and reached a network of 25 counties, to support all people who do not have easy access to shopping, whether they live in remote areas, cannot leave their homes, or live far away from stores.

June:

Together with Act for Tomorrow Association, we provided IT equipment to the national health institutions, in order to help authorities better deal with the pandemic.

July:

In the midst of the Covid-19 pandemic, when hospital capacity was significantly reduced, we continued #CancelCancer in 16 cities, a national campaign of free mammary screening, together with Avon.

October:

Our entire network of 135 stores and two logistic centers received the **Dekra certification** confirming that all safety measures against the spread of Covid-19 are correctly and fully implemented and are in compliance with the international health standards and local institutions.

November:

To support the efforts of the medical staff in the fight against the pandemic, together with Modulab, we donated to the Emergency Clinical Hospital of Bucharest (Floreasca) an innovative autonomous robot that efficiently sterilizes with UVC light both surfaces and air in just a few minutes.

January:

We supported the Daruieste Viata Association and contributed with around 1,25 million lei to the reconstruction of the Piatra Neamt ICU Modular Hospital, which was affected by a fire, the ICU ward of the hospital, where patients with COVID-19 were treated, being severely damaged and almost completely destroyed in the fire.



Community Investments and Local Development



Social responsibility programs are a key component of our company strategy. Our company's belief is that the world can be a better place if we all get involved and take action. That is why Kaufland launched the platform "Our Actions Do the Talking", through which we communicate all social responsibility actions and community investments.

"Our actions do the talking" describes the attitude with which we approach and implement projects and measures to achieve our commitments to our stakeholders. This attitude guides every team member and encourages them to contribute, through their actions, to the sustainable development of the company, as any action can make a difference. It also leads the way in which we address our supplier relations and how we develop our assortment.

We want all of us to be aware of the fact that all our efforts contribute to sustainable development. As such, we want to increase transparency and improve positive, authentic communication.

Through the projects developed in the last years, we aimed to create new opportunities and to improve the lives of the people in the communities where we operate, the main areas where we got involved being education, ecology, social area, sports and health, culture.

In 2020, the total community investments budget reached

34,748,886 lei,

out of which the total value of social tickets donated was

3,650,960 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 generate. 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 2020 and the positive impact that we managed to create for our communities can be found in our 2020 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 of our community investment strategy are:

Education

Ecology

Social

Sports & Health

Culture



79
partner
NGOs



127
projects
implemented



2
grants
programs



4.994.007
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 2018, we launched the financing program **In stare de bine**, 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.

Given the context generated by the Covid-19 pandemic, **In stare de bine** program redirected 50% of the program's budget for 2020 to the campaign **In stare sa ajut** (*Able to help*).

The specific target of **Able to help** was to promote and/or support equal and ethical access to goods, services and information for communities or groups in vulnerable categories, providing funding for projects designed with that purpose.

In March 2020 (women's month), we also included 5 new projects in our program **In Stare de Bine**, projects that promote equal opportunities and support women, as a high priority. The 5 winning projects had a **total budget of 124,000 lei** and included **15 communities** in Bucharest and Constanta, Iasi, Prahova and Sibiu counties.

Actionam pentru Ape Project A.P.A

Act for Waters Project

Launched nationally by Kaufland Romania and Act for Tomorrow Association, the **A.P.A** project 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.

The strategic objective of these actions is to contribute to the creation of zero-waste beaches, where tourists understand that caring for the environment must be a priority for all of us, even on holiday.

In the 2020 edition of the **A.P.A** program, more than **18.8 tons of waste** were collected (9 tons from the seaside, through separate collection systems and 9.8 tons during the volunteering programs, from the most polluted rivers and lakes in Romania).

400 community volunteers participated in the 6 events that were organized to clean up waste from the Olt Valley, Tabacariei Lake in Constanta, the dam and banks of Golesti reservoir (Arges River), Reyna beach in Constanta, Mangalia Island and the banks of the Danube River in Braila.

We installed **4 separate waste collection systems**, in the form of giant animals positioned on 3 of the most important beaches in the tourist resorts on the Romanian coast: Reyna Beach in Constanta, Nomad Beach in Navodari and Eminescu Beach in Mangalia. Over **250,000 people have participated** in the collection system.

Only recyclable plastic and metal waste was collected in the specially designed infrastructure, then taken to sorting stations and recycled into new products.

We know that environmental education is key for societal transition towards a green lifestyle, therefore we setup a caravan exhibition, to inform and educate the population. The caravan reached 3 of the most important seaside resorts, as well as in Kaufland stores on the Black Sea resorts.

Ateliere Fara Frontiere – Dam Click pe Romania

Click on Romania!

The project involved the donation of a total number of 4,000 refurbished computers to schools, NGOs, and public institutions throughout Romania, in all 41 counties and Bucharest. All computers were delivered to classrooms or directly to the homes of children in disadvantaged areas of Romania, offering an additional chance for quality education for over 30,000 students and teachers, the direct beneficiaries of the equipment. Donated equipment (computers, monitors, peripherals, etc.) is collected, cleaned, repaired, and repacked by the 15 employees of the Educlick workshop insertion program. They are the indirect beneficiaries as the project offers them job stability and ensures a smooth reintegration into the labor market. In addition, the reconditioning of equipment had a positive impact on the environment. In total, the computers donated in partnership with Kaufland Romania are saving 600,000 kg of CO₂ emissions.

13 Kaufland employees volunteered to judge the educational projects that were submitted. 232 beneficiary schools were selected from a total of over 350 applications. Each employee judged an average of 16 applications based on criteria set by the organizing team. Beneficiary schools were selected together with the partner NGO based on their applications, taking into consideration the impact on the local community and especially on young people's digital skills.

As part of the project, the AFF organized public campaigns to collect electronic equipment in order to secure the resources the project needed. Most of them took place online and were aimed at individuals and companies in the Bucharest-Ilfov area, but the latest campaign also took place physically in 5 Kaufland stores in Bucharest, Cluj and Timisoara.

A large proportion of the donated computers directly supported students affected by the COVID-19 pandemic. Beneficiary schools distributed the equipment directly to children who had difficulty connecting to online classes. Once students were physically back in the classroom, half of the partner schools in the project used the equipment to run remediation classes with students whose academic results had suffered as a result of the transition to online classes.



Hope and Homes for Children

Construction of 2 family houses in Iasi County

Extreme poverty is the main reason why children are separated from their families. Without a support network, parents reach a moment of extreme crisis and decide to leave their children in the care of the state, where they will have 3 hot meals per day and a roof over their heads. But they will be deprived of the affection and attachment that will transform them into socially and professionally integrated adults. In the next 5 years the association aims to contribute to the closure of all placement centers in Romania, to prevent the separation of more than 4,000 children from their families and to support the socio-professional integration of 1,000 young people who grew up in the state's care.

At the end of June 2020, construction work began on the first family-type house that Hope and Homes for Children is developing together with Kaufland Romania in Iasi. After the completion of the works, this house will accommodate 12 children from the "Ion Holban" Foster Care Centre in Iasi, which is in the process of being closed as part of the partnership between **Hope and Homes for Children**, the Iasi General Directorate of Social Assistance and Child Protection and the Iasi County Council. The foundation aims to close the centre by the end of 2022.



Fundatia Regala Margareta a Romaniei

Tinere Talente

Margareta Royal Foundation - Young Talents

The national Young Talent program provides talented young people with comprehensive support through scholarships, mentoring and promotion for them to express their talent and meet their potential. The program is aimed at young people between the ages of 14 and 24 who, even if they are talented and attend art or music schools, they do not have real opportunities for success since they come from low-income families.

The program has been an essential help to dozens of young musicians and visual artists who have the potential to become successful artists, so that they don't lose out on their career path.

As of March 2020, in the context of the COVID-19 crisis, the activities of the program have been redesigned to allow grantees to continue to benefit from its support.

In 2020, the project consisted of:

- 30 musicians and visual artists supported with grants worth around 10,000 lei
- 17 online mentoring sessions organized by the Foundation
- 17 participations in individual and group exhibitions
- 8 awards at major national and international music competitions
- 10 participations in orchestral concerts as soloists
- 9 recitals and exhibitions organized by the Foundation
- 3 international fashion design competitions
- 2 TV shows - Romania needs art and Young Talents Gala 2020
- 1 digital educational platform - tt360.ro, with the aim of providing free inspirational materials developed with the mentors of the program

Daruieste Viata Association

Spital Modular ATI Piatra Neamt

Modular ICU Hospital Piatra Neamt

Kaufland Romania joined a common effort and contributed to the construction of the Piatra Neamt ICU Modular Hospital, as part of the Together for Moldova! initiative, launched to help the county hospital, affected by a fire in November 2020.

The ICU ward of Piatra Neamt County Emergency Clinical Hospital, where COVID-19 patients were being treated, burned down almost completely at the end of 2020. In the context of the pandemic and its difficult-to-anticipate evolution, the new modular hospital came to the aid of Piatra Neamt Hospital and medical staff to efficiently manage patients that need intensive care.

The ICU ward is the heart of any emergency hospital, as it serves not only coronavirus-infected patients, but also trauma, medical emergencies, post-operative patients, etc. The new Modular Hospital in Piatra Neamt built by Daruieste Viata Association with the support of donors and private sponsors operates as an outpatient ICU ward, created according to the specific rules of an ICU ward, which allows medical staff and patients to fight for life.

Named Modular Hospital 2 Piatra Neamt, this is the second hospital of this type built by the Association in Romania, after Modular Hospital 1 Elias in Bucharest.

The hospital includes:

- 17 beds, grouped in 3 wards and an isolation reserve
- Patient screening
- Donning and doffing area for medical staff
- Medical analysis and sterilization laboratory
- Equipment storage, changing rooms, toilets
- Surveillance room
- Emergency room
- Technical platform for the placement of air handling units (AHU) and the chiller
- Technical space for medical fluid networks



Investments in Infrastructure and Services for Our Community

We are a national retailer, with an impact across the entire Romanian society. Therefore, we aim to leave a positive print over the local communities, with projects that cover the different needs of the population.

Our significant infrastructure and services investments can be divided into commercial and pro bono investments. We consider the investments to be significant if the financial value of the project exceeds 480,000 lei.

Commercial Investments

EV charging network - an investment of more than 1,57 million lei in 2020

We want to contribute to a cleaner and sustainable environment and support eco-driving. Therefore, starting 2016, in partnership with Renovatio, we set up the first public network of car charging stations in Romania, which we subsequently expanded through our own investment in new electric charging points on the Bucharest - Chisinau route. The stations are located in the parking lots of Kaufland stores in 30 cities in Romania, allowing electric car users to travel along the following corridors:

- Constanta – Bucharest – Sibiu – Timisoara – Arad (completed in 2016)
- Bucharest – Ploiesti – Brasov – Targu Mures – Cluj-Napoca – Oradea (completed in 2017)
- Bucharest - Buzau - Focsani - Bacau - Iasi - Chisinau (completed in 2020)

In less than a year, Kaufland has built the first public network of charging stations in Romania that practically linked Western Romania from Arad to the South-East in Constanta.



We believe in sustainability through green mobility, and therefore we are determined to connect the entire country by installing charging stations in the parking lots of our stores. In addition, given the worldwide trend of increasing demand for electric cars, Kaufland wants to address its customers needs, and provide them with all the conditions to use e-cars by developing its own network of electric charging stations.

Recycling facilities - investment of more than 31 million lei

■ Recycling machines

As a responsible company, we are aware of the importance and influence our actions have on the environment. We advocate for less plastic and more recycling. Anyone who brings plastic into the cycle also bears responsibility for its further use. Accordingly, Kaufland has, for many years, been particularly committed to collecting, sorting, and recycling these resources.

Through our collection system, we ensure that high-quality raw materials are recycled and any harmful substances they may contain are properly disposed. Therefore, since 2018, we started to install recycling machines in our parking lots. Customers can deposit plastic bottles, glass containers and aluminum cans for recycling and the self- service machine will reward them with discount vouchers that can be used when shopping, printing a receipt for every five containers returned. We want to make recycling easy and accessible for everyone, hence the project will continue to expand. In 2020, we installed recycling machines for 52 stores.

■ Broscuta - Collection systems

As plastic pollution is one of the most serious environmental problems, we have introduced for the first time in our stores a new system for collecting empty bottles of hygiene or cleaning products, which will be recycled to protect the environment.

We have introduced special turtle-shaped spaces at the entrance of our stores, for an unlimited period of time, where customers can deposit empty plastic bottles of shampoo, conditioner, shower gel, body, face or hand cream, mouthwash, or liquid soap, as well as empty containers for cleaning products such as laundry or dishwashing detergents, cleaning solutions for the kitchen, bathroom, floors or windows.

The company's strategy includes supporting and developing the network of charging stations, to reduce CO₂ emissions by facilitating and encouraging the use of electric cars. We will continue to develop the network of charging stations in existing locations, while equipping each new store opened with an EV charging station.



The collected packaging is periodically picked up by a company specialized in collection, and transported to the factory in Fagaras for recycling, through a three-step process: sorting of materials at the automatic station, preparation for recycling and actual recycling through thermoforming.

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.

Other continuous commercial investments are represented by the investments we make every time we open a new store (new roundabouts for facilitating customers' access to the commercial area, green areas etc.). In 2020, due to the pandemic context, in order to ease customers' access to our stores, we accelerated the implementation of online orders system, by partnering with different delivery platforms.

Pro bono Investments

In 2020, the total value of pro bono investments (sponsorships) in infrastructure and services for the community, exceeded

11.87 mil. lei.



Cantina Sociala

Social Canteen

Kaufland Romania and Sansa ta Association launched the first Social Canteen dedicated to supporting disadvantaged people, offering hot meals to homeless people and low-income families. The social kitchen officially opened its doors on 2 February 2021, in the Griro Tower building in Calea Grivitei 355-357, sector 1, Bucharest, after a two-week test period.

to vulnerable people. We will provide all the necessary goods for the preparation of community meals. Some of the food will come from fast-track sale supplies and the daily menu will be set to make the best use of the resources.

The canteen will serve beneficiaries from Monday to Friday and will operate on a take-away basis during this period, in line with current restrictions. The canteen area complies with the highest hygienic and sanitary conditions and has all the necessary facilities, being composed of a kitchen, where the community meals offered will be stored and prepared, an administrative area and technical room, changing rooms for women and men, as well as a serving area with tables and chairs for about 70 people, which will be available after the lifting of the restrictions.

The kitchen is equipped with modern cooking equipment: ovens, hobs, cooking machines (cleaning, chopping, etc.), refrigerators, display cabinets, storage rooms. Facilities include safety systems, new sanitation, and ventilation systems, changing rooms with showers, laundry room for work equipment, toilets for beneficiaries, lift for the people with disabilities, as well as a 20-space car parking.

Food waste is a global problem with complex consequences, and the company's mission is to make intelligent use of all its resources through this project.

Every day, from Monday to Friday, approximately 700 portions of cooked meals will be prepared by specialized staff, which will be distributed by representatives of the Sansa Ta Association

Soil and Soul Farm

Our vision is to create a network of regenerative farms that share an ethical system of food production and distribution with a visibly positive impact on the environment and the economy, leading to a vibrant culture and a responsible society. Studies show that this new type of farming also contributes to reducing the greenhouse gas effect, which is the main factor responsible for climate change, as well as providing healthier products.

The Permaculture Research Institute of Romania and Kaufland Romania launched in February 2021, the Soil and Soul project, the first Permanent Centre for Innovation, Production and Education in Regenerative Agriculture in Romania.

The first regenerative farm launched in Romania has over 60,000 square meters and will have organic vegetable and fruit crops, protected areas, solariums and tunnels, its own gray water collection and treatment system, and greenhouses for organic seedlings that are built according to sustainable international techniques.

Located in Vladeni, Dambovit County, the first regenerative agriculture farm and educational center is researching and developing the regenerative production model, offering education and training programs for farmers who are just starting out and want to adopt this type of sustainable agriculture.

Other pro-bono infrastructure and services investments included: Start ONG grant program for small NGOs, implemented in partnership with Act for Tomorrow, Spitalul Modular Piatra Neamt (Piatra Neamt Modular Hospital), through Daruieste Viata Association, Bacalaureat pentru toti in partnership with Sfintii Romani Association, building group homes in Piatra Neamt and Iasi with Hope and Homes for Children and two projects to facilitate access to education implemented by Salvati Copiii (Save the Children).

Most of the services offered through Kaufland's direct infrastructure investments, like the recycling facilities and EV charging stations (no costs for charging if you are a Kaufland customer) were offered to the local community for free in 2020 (except the online delivery orders).



Soil and Soul uses innovative techniques and strategies to increase soil fertility, maximize production and increase labour efficiency, such as minimum tillage and soil microbiology activation, bio-intensive vegetable growing, keyline design, permaculture design, etc. Around two hundred varieties of vegetables, greens, herbs and medicinal plants will be grown in organic regenerative systems and will be available starting spring, 2021.

This project is also a residential educational center, designed to train young people interested in opening their own regenerative farms. Filling an institutional gap in support of emerging small-scale farming projects, Incubator Farms are new tools that allow new farmers to gain hands-on experience in a real business and mentoring context.

The services developed by the non-governmental partners were also offered for free to the community, except the waste collection service from Recicleta (pro-bono service for the population, commercial for companies).



When reporting the information, we considered investments and projects for which the payments were made during the reporting period. For some projects, part of the action plan was implemented or is to be implemented in 2021.



Development through Our Suppliers



A MESSAGE FROM OUR PARTNERS:

Systemic changes in agricultural practices are needed in this country. And Kaufland has the material to boost them. It is very important to educate farmers to meet a range of sustainability criteria for our food.

A lot of farmers don't know how to produce using 50% less pesticide, just 100% pesticide. Kaufland, being a retailer that understands what sustainability means, can certainly be of great help in terms of guiding and supporting them to provide us with healthy and sustainable food.

Ionut Badica
Executive Director,
Romanian Permaculture Research Institute

Long-term relations with our suppliers are the foundation of our business model. We strive to meet our clients' expectations and provide them with a variety of sustainable and local products of superior quality, at affordable prices every day.

We can only achieve this goal by working closely with our suppliers. Therefore, our partnerships with suppliers are based on ethics and fairness, principles that help us ensure long-term collaboration.

When listing, all company suppliers confirm that they have read the provisions of our Code of Business 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 Business 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;
- Forbidding any kind of discrimination when an employee is hired and in all employee relationships, equal opportunity and equity;
- Forbidding forced labor and all employee relations where work is forced through coercion or threat, such as slavery;
- Zero tolerance for child labor – strictly following national legislation in force regarding child and young employee protection;
- Freedom of association and collective bargaining – disciplinary actions against employees who use their right to associate in a peaceful, legal way are not allowed;
- Respecting national provisions and industrial standards regarding working hours and employment agreements;
- The business partner must ensure that the work place 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 Business 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 Business 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.

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

Reducing payment terms

In March 2020, as a measure to support our local suppliers to face the challenges raised by the COVID-19 pandemic, we announce a reduction in our payment terms, announcing that for fresh product suppliers, the term will be reduced from 7 to 3 days, while for the rest of the suppliers, from 30 days to 7.



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. 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. The programme 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**

Store areas for small fruit and vegetable producers

To support small fruit and vegetable producers affected by the 2020 context, we invited them to sell their products inside Kaufland, by making available space in our stores. By doing this, the producers were able to continue to sell their goods, in increased conditions of safety and comfort for customers.

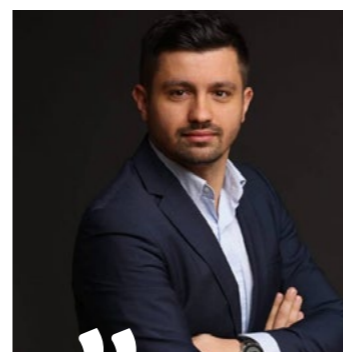
Romanian fruit and vegetables

In February 2021, together with our partners from "Tara mea" Cooperative we started working for developing an agricultural program for small fruit and vegetables local producers. Through this initiative, we want to support small farmers, by giving them the guarantee that they will have a place to sell their crops and therefore, a safe profit. The program aims to contribute to the consolidation of Romanian farmers and producers structure, while generating long term partnerships, and at the same time, portfolio diversity. The program will be launched in May 2021 financial year, when 237 small producers and farmers, enrolled in the Cooperative are estimated to provide more than 9000 tons of fruit and vegetables.

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 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



A MESSAGE FROM OUR PARTNERS:

For me, sustainable means fairly cultivated and when possible, taken directly from the producer, with ethical criteria in the procurement process, without any intermediaries. Kaufland is one of the companies committed to working with as many local suppliers as possible. I can say, from the discussions that I have had the opportunity to have with different small local producers, that they appreciate the chance to work directly with Kaufland.

As part of the civil society, we value companies that support local development and I'm glad to see that promoting local suppliers and producers is of great interest to Kaufland.

Andrei Cosuleanu
Founder, Act for Tomorrow

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, therefore we always choose local solutions first, if available.

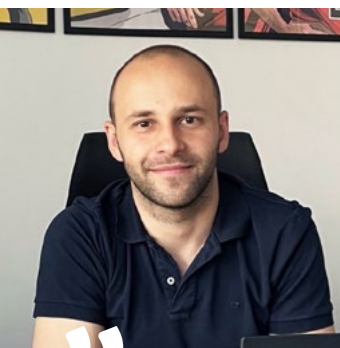
In 2020, we worked with more than 2.400 local suppliers, out of a total of approximately 2.900. The total value of direct expenditures with local supplier was of 1.9 billion euro. You can read more about how we contribute to our supplier chain and the indirect value we create through our partnerships with local suppliers, by consulting the [2020 Impact Study](#), available on our website.

In 2020, 81% of expenditures on suppliers were directed towards the more than 82% Romanian suppliers.

The supplier expenditure data was extracted from our most recent Impact Study, that covers calendar year 2020 (January – December), while the Sustainability Report covers financial year 2020 (March 2020 – February 2021). We chose to present the information this way, in order to ensure consistency and coherence in the values we communicate.

Energy and Emissions

Our Climate Strategy – Strong Commitment to Climate Protection



A MESSAGE FROM OUR PARTNERS:

We are very confident with the fact that together with our partner Kaufland we will build a solid sustainability agenda.

Given sustainability is a key part of PepsiCo's strategy it is very encouraging when seeing an engaged partner like Kaufland, sharing common goals, especially regarding environmental protection. It helps us ensure that we are on the correct path, doing the right things for the environment and for our consumers.

Radu Berevoescu
Modern Trade Director, PepsiCo

Climate change poses enormous challenges to our society and makes actions at all levels of social responsibility indispensable; therefore, it is our aspiration to keep the effects of climate change as low as possible and to continuously minimize our emission of greenhouse gases.

As of August 2020, the Schwarz Group officially joined the Science Based Targets initiative (SBTi). All companies within the Schwarz Group analyzed 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 is not possible to reduce or avoid) CO₂ emissions in operations and the supply chain.

With the climate strategy, Kaufland brings its contribution to Paris Climate Agreement and undertakes a measurable commitment to limiting global warming to 1.5 degrees Celsius.

Our Goals

As part of our group-wide climate strategy, we officially joined the Science Based Targets initiative (SBTi) in August 2020. Following a complete climate impact assessment and analysis of the carbon footprint, climate protection targets were set according to the methodology of the SBTi and developed in line with measures to reduce, prevent, or offset CO₂ emissions in operations and along the supply chain. These targets were validated by the SBTi and officially approved.

Kaufland Romania will reduce its operational greenhouse gas emissions by 80%* by 2030 compared to 2019 levels.

To achieve this, Kaufland Romania is already purchasing 97.6% percent renewable energy and has focused on purchasing only electricity from renewable sources since 2018. By doing so, we are supporting the target of achieving climate neutrality by 2025. At the same time, we are continuing to work on preventing our CO₂ emissions wherever possible or reducing unavoidable emissions.**

A variety of other measures to reduce, avoid or compensate for CO₂ emissions in operations and the supply chain serve to achieve these goals:

- Kaufland stores with EV charging points
- Kaufland stores with photovoltaic systems
- Buildings with heat recovery from product cooling
- Buildings with heat pumps
- Buildings with building air conditioning with natural refrigerants
- Buildings with product cooling using natural refrigerants
- Group-wide plastics strategy REset Plastic
- Installing photovoltaic (PV) systems in our locations to obtain renewable energy

*This Scope 1 & 2 target also includes biogenic emissions and the removal of biogenic feedstocks.

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

Climate Strategy of the Schwarz Group

We intend to purchase 100 % renewable energy as of 2022

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 2030 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.

* Remaining emissions (Scope 1 & 2) will be offset by carbon offset projects ** Climate neutrality through carbon offset projects *** Excluding label & lid

Energy Consumption

The footprint we have on the environment is also reflected on the energy consumption, that also contributes to greenhouse gas emissions. 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.

Our energy consumption policy was reviewed and updated in 2020, when we underwent the ISO 50001 certification process. The policy and procedures regarding energy consumption were established in compliance with our group policy, to strengthen our global commitment to significantly reduce CO₂ emissions and energy consumption.

As such, our energy flows are permanently recorded and updated, so that we can 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.

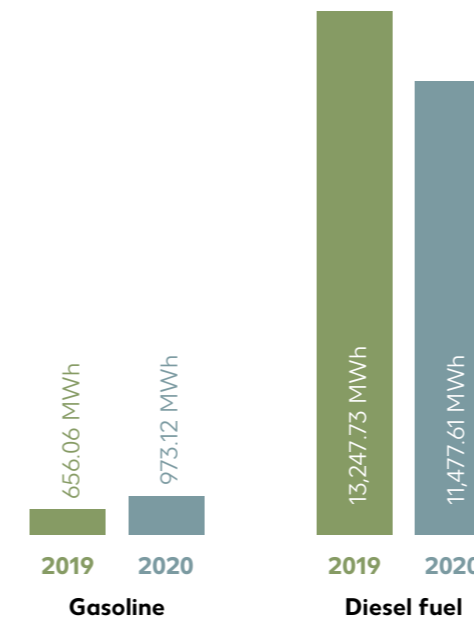
We strictly follow legislation in force, while the implemented measures target replacing older technologies with energy-efficient equipment, as well as changing the behavior of each department and of the company, as a whole. Therefore, our colleagues are constantly informed and involved in implementing these measures.

Within the company, the energy management team is responsible for implementing policies regarding making energy consumption more efficient. The team reports to the director of the "Real Estate" department of Kaufland and is comprised of 4 employees, each taking action in departments that significantly affect the company energy consumption. Every year, the energy management team establishes goals that aim to make the energy consumption more efficient, implement projects that help reach those goals and verifies the results.



Fuel and energy consumption

FUEL TYPE	2019*		2020	
	MWh	l	MWh	l
Gasoline	656.06	68,477.00	973.12	101,525.81
Diesel fuel	13,247.73	1,254,401.00**	11,477.61	1,086,791.86
Total	13,903.79	1,322,848.00	12,450.73	1,188,317.67




*due to an internal update and alignment of reporting policies at Group level, the fuel quantity was recalculated, using new conversion factors. At the same time, the fuel consumption only includes car fleet consumption. We excluded the diesel purchased for generators as we cannot estimate the exact quantity used. The recalculation also had an impact on the total energy consumption in 2019 and energy intensity, that are both different compared to the values presented in the previous Sustainability Report.

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


Conversion factors:
1 liter of diesel = 10.561 kWh
1 liter of gasoline = 9.585 kWh

	2019 MWh	2020 MWh
Natural gas	49,706.4	52,236.0

	2019 MWh		2020 MWh	
Electricity consumption	227,833.5		232,915.5	
Out of which electricity consumption from renewable sources	222,315.3	97.58%	227,323.9	97.60%



2019
222,315.3 MWh



2020
227,323.9 MWh

Emissions

The electric energy consumption includes stores, administrative offices, and logistic centers consumption, but it doesn't cover the concessionaires and electric charging station consumption. Electric energy consumed from non-renewable sources comes from store consumption (5,384.3 MWh), before store opening, and part from administrative office consumption (207.3 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

Total energy consumption	=	Total energy consumption	=
Fuel consumption	+	12,450.73 MWh	+
Natural gas consumption	+	52,236 MWh	+
Electricity consumption		232,915.5 MWh	=
		297,602.23 MWh	

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 2020 we continued to implement different projects to reduce energy consumption, with the overall costs of investment that exceeded 8,000,000 lei.


Replacing the in-store lighting systems with LED technology (8 stores), updating the parking lots lighting technology (21 stores) and metering consumption by sub-consumers (2 stores) contributed to a reduction in energy consumption of more than 4,904 MWh.

Energy intensity

Energy intensity based on store and additional areas surface Energy intensity based on store and additional areas surface

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

EI 2020 = 449.19 kWh/m²
 EI 2019* = 467.0 kWh/m²
 Total area in 2019: 642,081 m²
 Total area in 2020: 662,537.3 m²

 **Energy intensity compared to 2019 decreased by 3.8%.**

Making an annual inventory of greenhouse gas (GHG) emissions helps us gain an overview of the impact we generate towards climate change and offers us the necessary foundation on which we can build measures that reduce and minimize these effects. 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 CO₂ eq 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).

*the value is different from the one communicated last year in the Sustainability Report, due to a process of internal alignment of reporting policies. The energy intensity does not include energy consumption from diesel used for generators.

I Our Commitment to Local Communities

GHG EMISSIONS		2019 CO ₂ eq tons	2020 CO ₂ eq tons	Decrease/ Increase compared to 2019
Scope 1		59,187.92	49,209.84	-16.86
Scope 2	Location based	78,032.96	78,003.41	-0.04%
	Market-based	1,734.90*	1,468.35	-15.36
Scope 3**		4,322,729.85	4,401,985.99	+1.83
Total emissions (considering Scope 2 market-based emissions)		4,383,652.67	4,452,664.18	+1.57



*We recalculated Scope 2 market-based emission factors, based on updated emission factor from our suppliers

**We extended the boundary of the inventory and included more categories in the calculation of Scope 3 emissions.

Market based emission factor 2020:
262,6 g CO₂/kWh

Location based emission factor 2020:
334.9 g CO₂/kWh
(Source: IEA 2020; UK; DEFRA)

1. Scope 1 includes: emissions from the air conditioning system, refrigeration system, diesel fuel for generators, diesel and gasoline for cars, natural gas for boilers
2. Scope 2 includes: emissions from producing electricity from the supplier
3. Scope 3, for which we extended the boundary in 2019, includes other emissions (purchased goods and services, fuel and energy-related emissions, transport, industrial waste, business trips, use of the products sold, disposal/ recycling of sold products, and employee commuting)

Emission Intensity

The overall emission intensity is given by the total energy consumption, in relation to total store sale area + the secondary area.

✓ **Emission intensity decreased in 2020 by 4.32%, compared to 2019.**

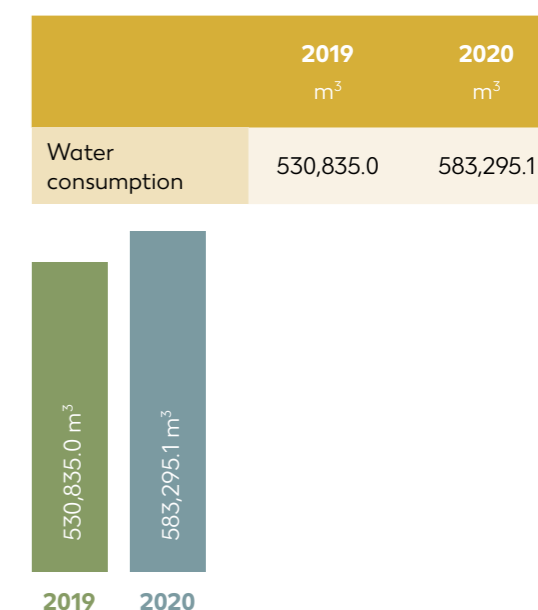
GHG EMISSIONS INTENSITY		2019 t CO ₂ eq/m ²	2020 t CO ₂ eq/m ²	Decrease compared to 2019
Scope 1		0.0948	0.0743	-21.68
Scope 2	Location based	0.1250	0.1177	-5.84
	Market-based	0.0028	0.0022	-20.28
Scope 3*		6.9265	6.6441	-4.08
Emission intensity (considering Scope 2 market-based emissions)		7.0242	6.7206	-4.32



Water Consumption

We closely monitor water consumption inside the organization and make efforts to make it more efficient inside the stores, as well as in the logistical centers 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.



Materials and Waste



A MESSAGE FROM OUR PARTNERS:

The West University of Timisoara is an institution that believes in the importance of universities, as catalyst for the society they serve. Our university has not only taken over the role of hub coordinator for green development, but also training and non-formal education on this topic. Kaufland has always offered support in our endeavours. Circular economy and environmental protection are topics of interest for our academic community, both in the education area, as well as in research, thus Kaufland can be a strong partner in these directions.

If we can teach our students the meaning and importance of circular economy, that can be a turning point in our society, as young people can embrace change faster. In this respect, the involvement of Kaufland would add value and visibility to such a project. At the West University of Timisoara, we are convinced that together, with joint efforts, we can really leave a footprint and generate sustainable and impactful projects for the community.

Flavia Barna
Vice-rector of West University of Timisoara,
responsible with institutional and business partnerships
and alumni community

REset Plastic: Less plastic – Closed Loops



REset Plastic is the Schwarz Group's international, holistic plastics strategy for all company divisions and countries. REset Plastic is not only about eliminating plastic, but also about creating a new awareness and fundamentally changing the way we handle plastic.

Many innovations which have made important contributions to the development of society would be inconceivable without the reusable material of plastic. However, one of plastic's best characteristics has also turned into a central problem for people, animals, and the environment: its longevity.

This is precisely the problem which we are addressing through our REset Plastic strategy. It unites a grand vision with binding goals and a clear, guiding mission: „We approach the issue in a comprehensive way using our know-how to reduce plastic and close loops.“

Rethink plastic – or in other words, press the reset button.

We've divided our commitment into five action areas: REduce, REdesign, REcycle, REmove and REsearch. As such, REset Plastic covers everything from avoidance, through design, recycling, and elimination, all the way up to innovation and education about plastic.

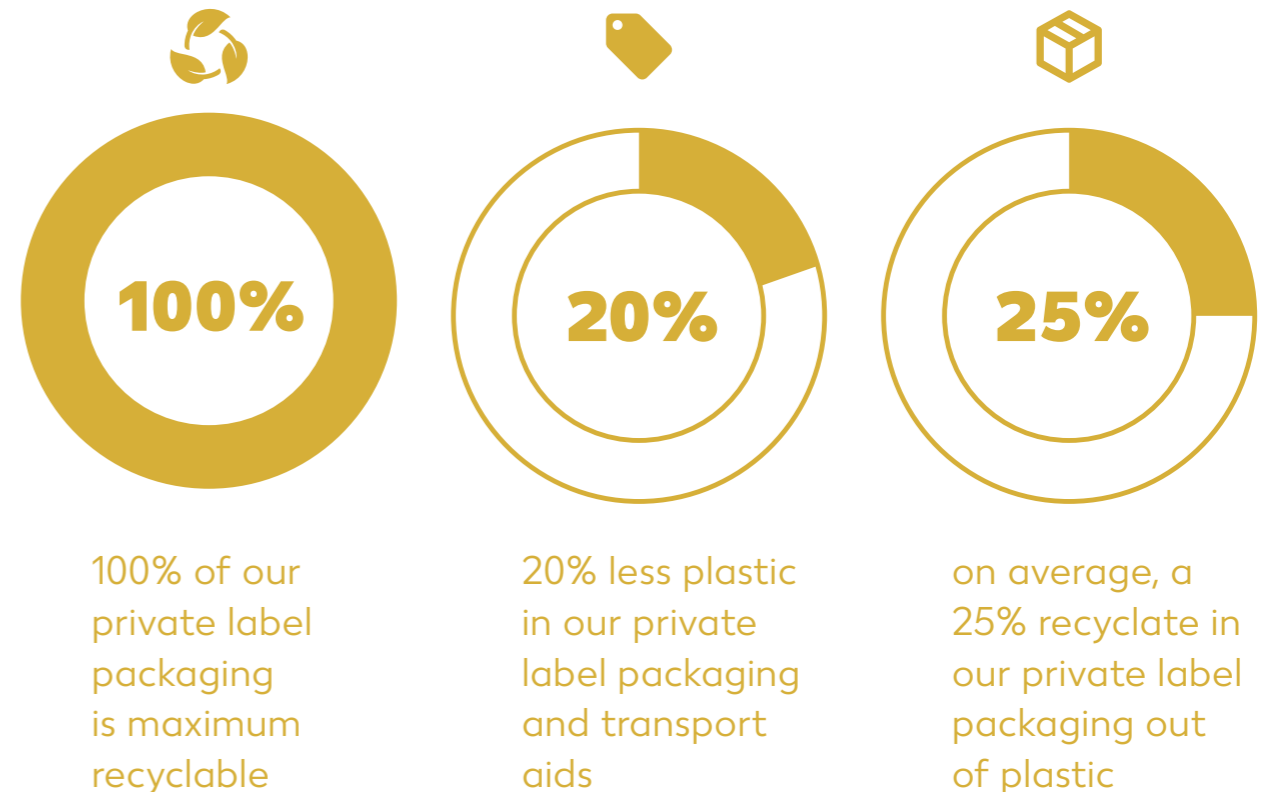
The five principles of the REset Plastic strategy actions:

- 1. REduce**
We avoid plastic whenever it is possible and sustainable.
- 2. REdesign**
We design products in a manner that makes them recyclable, therefore closing the loop.
- 3. REcycle**
We collect, sort, recycle and close the loop of recyclable materials.
- 4. REmove**
We support the elimination of plastic waste from the environment.
- 5. REsearch**
For innovative solutions, we invest in research and development and inform the public about recycling and resource conservation.

As part of the Schwarz Group, we have committed to reduce plastic consumption for private label and where possible, increase the proportion of recycled materials used. In addition, by the end of 2021, black plastics will no longer be used for private label packaging.



Our Goals until 2025



Packaging and Waste

Responsibly managing the materials we use in our daily operations and recovering waste are key pillars of our sustainability strategy. We are aware that our impact goes beyond our company, across the entire value chain, that is why we strive to identify the best packaging solutions for our products and also constantly invest in actions that increase the quantity of waste we recover in our stores and through our partners.

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.

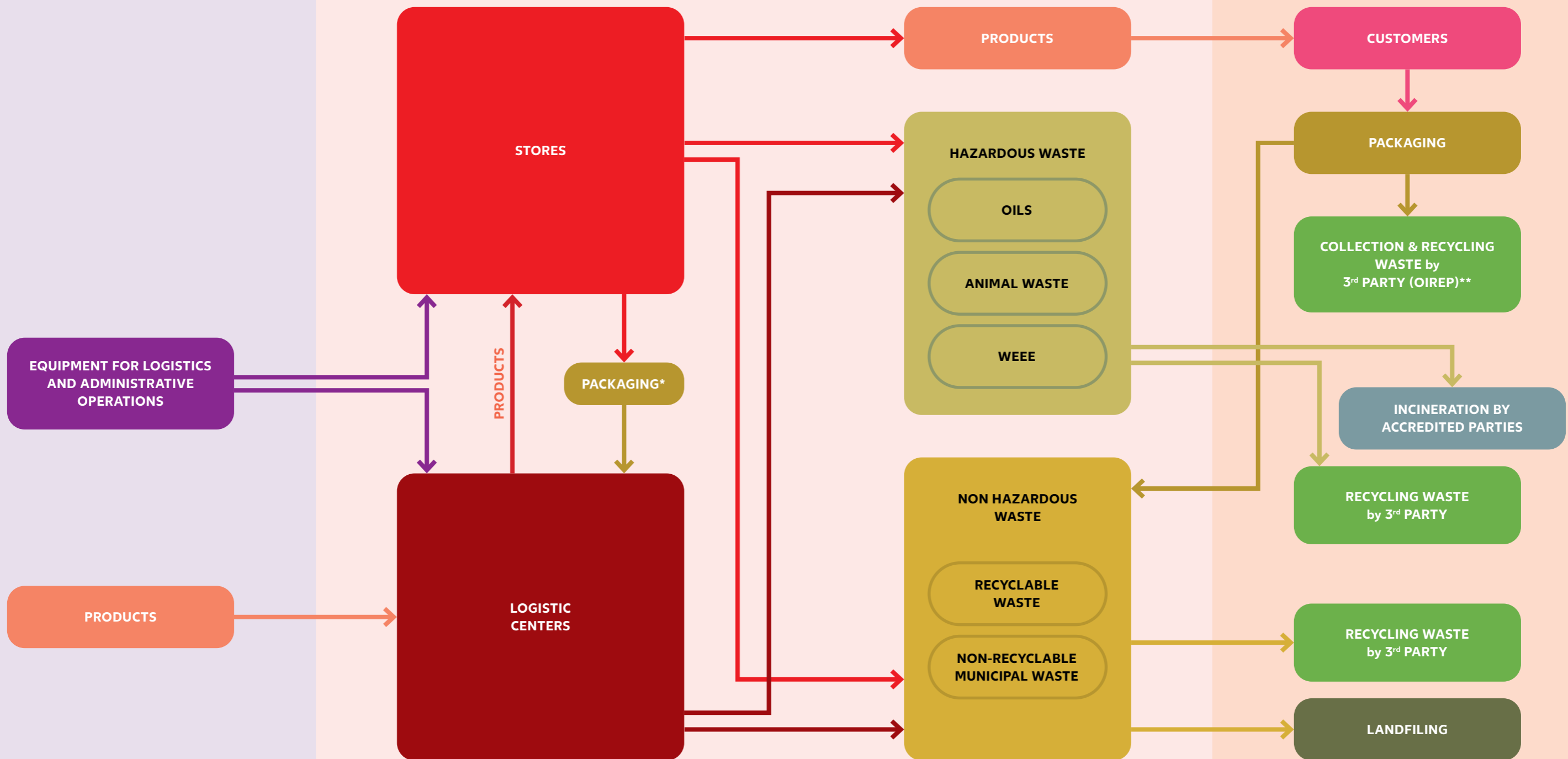
*secondary and tertiary packaging, centralized in the logistic centers

**recycling quota in accordance with the legislation in force

UPSTREAM IN THE VALUE CHAIN

OWN ACTIVITIES

DOWNSTREAM THE VALUE CHAIN



I Our Commitment to Local Communities

Waste generated in 2020

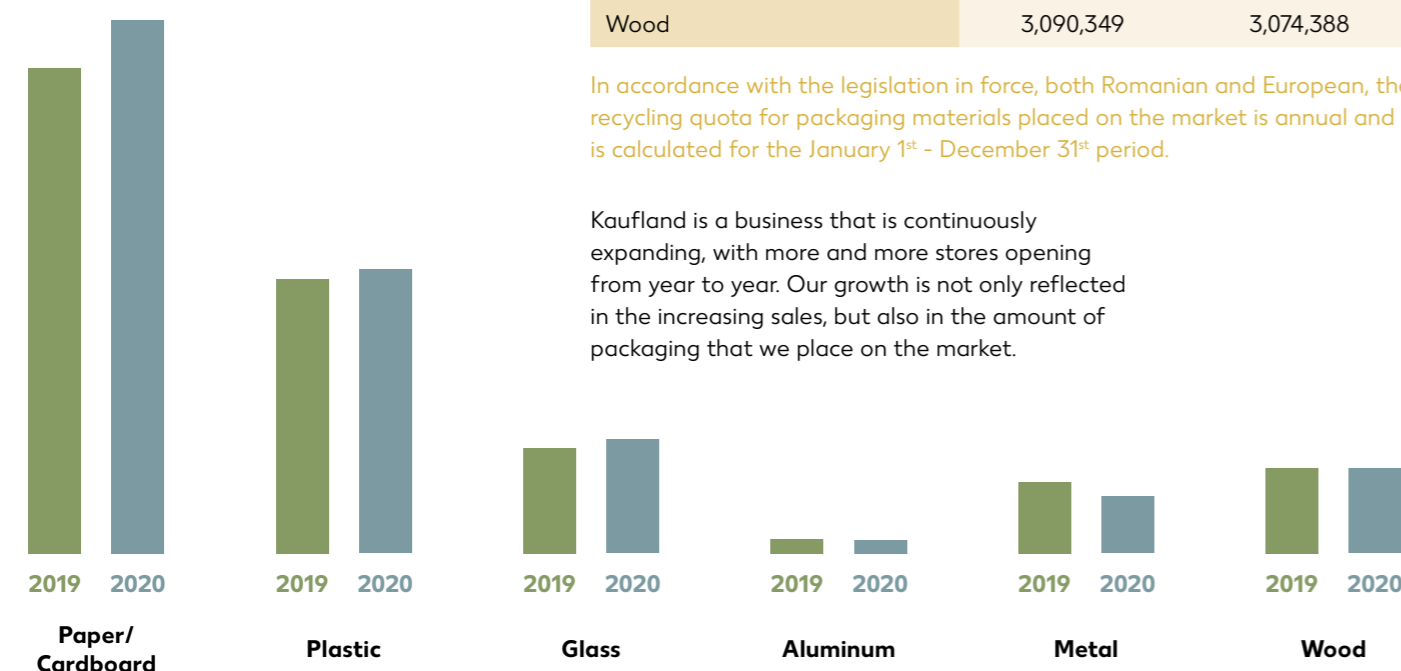
WASTE CATEGORY	Total amount of waste generated t	Waste diverted from disposal t	Waste directed to disposal (incineration with/ without energy recovery, landfilling) t
Glass	275.6	275.6	-
Aluminum	9.6	9.6	-
Plastic	1,986.2	1,986.2	-
PET	102.1	102.1	-
Cardboard and paper	29,541.7	29,541.7	-
Metal (steel)	833.4	833.4	-
Wood	586.2	586.2	-
Oil	38.2	-	38.2
Batteries	98.6	98.6	-
Lighting objects	11.1	11.1	-
WEEEs	184.4	184.4	-
Residual waste	18,380.0	-	18,380.0
Animal origin waste products	1,088.7	-	1,088.7
Total	53,135.8	33,628.9	19,506.9

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.

PACKAGING MATERIALS	2019 kg	2020 kg
Paper/Cardboard	17,677,100	19,353,356
Plastic	9,949,979	10,308,449
Glass	3,827,699	4,123,099
Aluminum	528,862	493,783
Metal	2,587,547	2,062,909
Wood	3,090,349	3,074,388

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.

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.



Transport and Logistic

Part of the environmental impact we generate comes from the logistics operations, therefore we place great value on sustainable practices in logistic centers, implementing policies and procedures for energy and resource consumption efficiency. 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

For using the pooling services offered by CHEP in calendar year 2020, Kaufland received a recognition from CHP, that certifies our contribution to protecting the environment and to promoting a sustainable logistic model. In 2020, Kaufland managed to reduce carbon dioxide emissions by 1,258.78 tons, the equivalent of about 1,149,524 km traveled by truck. At the same time, the retailer reduced the waste produced by 103,764 kg, the daily waste generated by approximately 79,734 Europeans. The CHEP sustainability certificate also certifies the protection of forests with 1,087,742 dm³ or approximately 1,050 trees. 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 Programme for the Endorsement of Forest Certification (PEFC).

Euro Pool System Certificate

Another recognition received for sustainable logistic practices came from Euro Pool System. 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 3,389 tons. 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 2020.

Green Energy for Logistic Centers

In 2020 we started the development of a renewable energy production program for our operations. The investment, that in 2021 is estimated to be around 1.5 million euros is aimed at installing 3,700 photovoltaic panels with an installed power of 2,000 MWh year for the Turda logistic center and 3 of our stores. In the first stage of the program, the area covered by photovoltaic panels will count 12,800 m².

Valuing Food



A MESSAGE FROM OUR PARTNERS:

Kaufland is a trusted partner for Promateris. We appreciate the importance they give to collaborations with local partners and their involvement in trying to find solutions for common challenges. One of these challenges is diverting food and bio-waste from landfills. This is also one of our focus areas and I am confident that together we can develop projects and initiatives for reducing food waste.

Our company will offer full support and commitment in participating in any campaign aiming to reduce food waste or to promote the recycling of organic waste.

Tudor Georgescu
General Manager Promateris

Food waste happens along our value chain, from producers and suppliers, to stores and even clients/consumers. That is why food waste is a constant concern for us. We are always investing material and financial resources, as well as expertise, towards minimizing the quantity of food wasted along the chain, from suppliers, in our warehouses and stores up to our customers. We focus on constantly improving our internal systems, in order to minimize the impact within Kaufland warehouses and stores, at the same time investing in campaigns and activities dedicated to our clients and consumers.

Kaufland, as a retailer plays 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 amount 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. In order 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).

Beyond our internal systems, we also get involved in different projects developed by our community partners, projects that generate a positive impact in reducing food waste.

To tackle the issue of food waste in our stores, in February 2021, together with Sansa ta Association we launched the first Social Canteen dedicated to supporting disadvantaged people, offering cooked meals to homeless people and low-income families. The products are donated to our partners through social tickets. The total value of the tickets donated was 500.000 lei. The tickets, donated at the end of 2020 financial year, were used during March–December 2021. You can read more about this initiative in *Chapter 3.2 Community investments and local development.*

Apart from the Social Canteen, we also donated 18 tons of food for Banca de Alimente (Food Bank) with a total value of almost 35.000 euro. Other donations included food and non-food products for Somaro and Carusel Associations.

In addition, through our partnerships with local non-profit organizations, we regularly donate food products to zoos and other associations taking care of animals, like for example, Kodaros Ocna de Sus Association, Parcul Memorial "Constantin Stere" Administration, "Arca lui Noe" Association for Animal Protection.

In 2020, the total value of the donated products was:

3.05 mil. lei

Our Progress



Our suppliers

To continue increasing the quantity of pork meat sourced from local suppliers and reach our target of purchasing at least 300,000 pigs raised in Romania/year, by 2020.

The goal was achieved. We purchased more than 300,000 heads in 2020.

To increase the proportion of the budget spent on store goods directed to local suppliers by 5%.

In 2020, the proportion of spending on local suppliers increased by 5.8%.

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



Our communities

In 2020, to increase our community investment budget by at least 10%.

The 2020 context forced us to postpone some of the projects planned and therefore the community investment budget decreased.

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

To continue the 3 grant programs started in 2018 and 2019.

We continued our two main grant programs, **In stare de bine** and **Start ONG**, and adapted them to the pandemic context. The third was postponed.

To increase the number of organizations funded through the **Crestem Gradinescu** grant program.

The programme was postponed due to the 2020 context.

To develop the first regenerative farm in Romania.



Our team

To receive the **Top Employer Certification** for 2020 financial year.

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

To receive the **Top Employer Certification** for 2021 financial year.

To employ at least 500 people with disabilities by 2020.

448 employees with disabilities were employed at the end of 2020 financial year.



Our environmental commitment

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

To make 100% of our home brand packaging maximum recyclable by 2025.

Implementation in progress.

We will continue to implement measures to achieve these goals.

To continue purchasing 100% renewable energy for the consumption of our open stores.

The goal was achieved. See Energy section.

By 2025, to reduce our Scope 1, Scope 2 AND Scope 3 emission intensity, by at least 3% for each category, compared to 2019.

The goal was achieved. See Emissions section.

By 2030, to reduce our Scope 1 and Scope 2 emissions by 80%, compared to 2019.

To encourage suppliers to set Science Based Targets by 2026.

**Independent
Limited
Assurance
Report**

Independent Limited Assurance Report

To the Management of KAUF LAND ROMANIA SCS:

Introduction

We have been engaged by the Management of KAUF LAND ROMANIA SCS (hereinafter – the “Company”) to provide limited assurance on the selected information described below and included in the Sustainable Development Report of the Company for the year ended 28 February 2021 (hereinafter – the “Sustainability Report”)

Selected information

We assessed the qualitative and quantitative information specified in Appendix 1 to this report, that is disclosed in the Sustainability Report (hereinafter – the “Selected Information”).

The scope of our limited assurance procedures was limited to the Selected Information for the year ended 28 February 2021 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.

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 and summarized in the About the report section in the Sustainability Report (hereinafter – the “KAUF LAND 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 the management of the Group

The management of the Company is responsible for:

- designing, implementing and maintaining internal control relevant to the preparation of the Selected Information that is free from material misstatement, whether due to fraud or error;
- establishing internal methodology and guidelines (including the KAUF LAND Methodology) for preparing and reporting the Selected Information in accordance with the Reporting Criteria;
- 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

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 conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to the management of the Company.

This report, including our conclusion, has been prepared solely for the 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 website¹, to assist management in responding to their governance responsibilities by obtaining an independent limited assurance report in connection with the Selected Information. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the 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.

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.

¹ 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.

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 analysis of the relevant internal methodology and guidelines (including the KAUF LAND Methodology), 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, together with the KAUF LAND Methodology, 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.

Our 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 2021 has not been prepared, in all material respects, in accordance with the Reporting Criteria.

PricewaterhouseCoopers Audit SRL

08 December 2021

Bucharest, Romania

Appendix 1 to the Independent Limited Assurance Report dated 08 December 2021

The Selected Information subject to limited assurance procedures and prepared in accordance with the GRI Disclosures and the Kaufland Methodology, as applicable, is set out 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
203-1	Infrastructure investments and services supported	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	Employees with disabilities	No. Disclosed on page 67 of the Sustainability Report.
Kaufland specific	Total value of social tickets donated to partner non-governmental organizations	Yes

GRI Content Index

GRI Content Index




For the GRI Content Index Service, GRI Services reviewed that the GRI content index is clearly presented and the references for all disclosures included align with the appropriate sections in the body of the report.

The service was performed on the English version of the report.



GRI Standard	Description	Sustainable Development Goal	Page(s) number(s), URL and/or direct answers	Omissions	External assurance
GRI 101: Foundation 2016					
General disclosures					
GRI 102: General disclosures 2016:	Organizational Profile				
	102-1 Name of the organization		Kaufland Romania SCS		
	102-2 Activities, brands, products, and services	1.5	12, 13, 16, 17, 22, 23		
	102-3 Location of headquarters		7		
	102-4 Location of operations		17		
	102-5 Ownership and legal form		36		
	102-6 Markets served		16, 17		
	102-7 Scale of the organization		17, 20, 61		
	102-8 Information on employees and other workers	8.5	62, 64		
		10.3			
	102-9 Supply chain		47, 98, 99		
	102-10 Significant changes to the organization and its supply chain		17		
	102-11 Precautionary Principle or approach		37, 39, 41		

102-12 External initiatives			31-33, 65		
102-13 Membership of associations	17.3		31		
Strategy					
102-14 Statement from senior decision-maker			5		
Ethics and integrity					
102-16 Values, principles, standards, and norms of behavior	16.3		18, 37-39		
102-17 Mechanisms for advice and concerns about ethics	16.3		38		
Governance					
102-18 Governance structure			36		
Stakeholder engagement					
102-40 List of stakeholder groups			50, 51		
102-41 Collective bargaining agreements	8.8		All our employees are covered by collective bargaining agreements.		
102-42 Identifying and selecting stakeholders			44		
102-43 Approach to stakeholder engagement			50, 51		
102-44 Key topics and concerns raised			45, 46		
Reporting practice					
102-45 Entities included in the consolidated financial statements			7		
102-46 Defining report content and topic Boundaries			44-48		
102-47 List of material topics			45		
102-48 Restatements of information			109, 110, 112		
102-49 Changes in reporting			No changes in the reporting process.		
102-50 Reporting period	12.6		Financial year 2020: 01.03.2020 – 28.02.2021.		
102-51 Date of most recent report	12.6		Sustainability report (01.03.2017 – 28.02.2018).		
102-52 Reporting cycle	12.6		Annual.		


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			138-151
102-56 External assurance			132-135

Material Topics


COMPLIANCE/ ANTI-FRAUD

Anti-corruption			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary		37, 38, 46, 47
	103-2 The management approach and its components		37, 38
	103-3 Evaluation of the management approach		28, 37, 38
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, 38, 46, 47
	103-2 The management approach and its components		37, 38
	103-3 Evaluation of the management approach		28, 37, 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, 38, 46, 47
	103-2 The management approach and its components		37, 38
	103-3 Evaluation of the management approach		28, 37, 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, 38, 46, 47
	103-2 The management approach and its components		37, 38
	103-3 Evaluation of the management approach		28, 37, 38

GRI 415: Public policy 2016	415-1 Political contributions		16.5	38
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Marketing and labeling

GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary		40, 46, 47
	103-2 The management approach and its components		37, 40
	103-3 Evaluation of the management approach		28, 38













GRI 417: Marketing and labeling 2016	417-2 Incidents of non-compliance concerning product and service information and labeling		16.3	38
	417-3 Incidents of non-compliance concerning marketing communications		16.3	38


EXPANSION OF HEALTHY PRODUCT RANGE









Customer health and safety










GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary		40, 46, 47
	103-2 The management approach and its components		24-27, 32, 37, 41
	103-3 Evaluation of the management approach		28, 38

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	38
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ENVIRONMENTAL PROTECTION						
Energy						
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary				46, 47, 108	
	103-2 The management approach and its components				93, 105, 106, 108-110	
	103-3 Evaluation of the management approach				28, 108, 110, 129	
GRI 302: Energy 2016	302-1 Energy consumption within the organization		7.2		109, 110	✓
			7.3			
			8.4			
			12.2			
			13.1			
	302-3 Energy intensity		7.3		110	
			8.4			
			12.2			
			13.1			
	302-4 Reduction of energy consumption		7.3		110	
			8.4			
			12.2			
			13.1			



Emissions						
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary				46, 47, 105	
	103-2 The management approach and its components				104-107, 111	
	103-3 Evaluation of the management approach				28, 105, 129	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions		3.9		112	
			12.4			
			13.1			
			14.3			
			15.2			
	305-2 Energy indirect (Scope 2) GHG emissions		3.9		112	✓
			12.4			
			13.1			
			14.3			
			15.2			
	305-4 GHG emissions intensity		13.1		112	
			14.3			
			15.2			














Water and effluents				
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary			46, 47, 113
	103-2 The management approach and its components			113
	103-3 Evaluation of the management approach			28, 113
GRI 303: Water and effluents 2018	303-1 Interactions with water as a shared resource			113
	303-2 Management of water discharge-related impacts			113
	303-4 Water discharge		6.4	113
	303-5 Water consumption		6.4	113
Waste 2020				
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary			46, 47, 118-121
	103-2 The management approach and its components			118-122
	103-3 Evaluation of the management approach			28, 118, 119
GRI 306: Waste 2020	306-1 Waste generation and significant waste related impacts		3.9	118-121
			6.3	
			12.4 12.5	
	306-2 Management of significant waste-related impacts		3.9	118-122
			6.3	
			12.4 12.5	







306-3 Waste generated		3.9	122
		6.3	
		12.4 12.5	
306-4 Waste diverted from disposal		3.9	122
		6.3	
		12.4 12.5	
306-5 Waste directed to disposal		3.9	122
		6.3	
		12.4 12.5	


ENVIRONMENTALLY FRIENDLY PACKAGING




Materials

GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary			46, 47, 118-121
	103-2 The management approach and its components			118-122
	103-3 Evaluation of the management approach			28, 118, 119, 122
GRI 301: Materials 2016	301-1 Materials used by weight or volume		8.4	122
			12.2	


RESPONSIBLE EMPLOYER				
Occupational health and safety				
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary			46, 47, 76
	103-2 The management approach and its components			76, 77
	103-3 Evaluation of the management approach			28, 59, 76, 77
GRI 403: Occupational health and safety 2018	403-1 Occupational health and safety management system		8.8	76
	403-2 Hazard identification, risk assessment, and incident investigation		3.6	76
			8.8	
	403-3 Occupational health services		8.8	77
	403-4 Worker participation, consultation, and communication on occupational health and safety		8.8	77
			16.7	
	403-5 Worker training on occupational health and safety		8.8	77
	403-6 Promotion of worker health		8.8	59, 68-70
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		8.8	98, 99
403-8 Workers covered by an occupational health and safety management system			8.8	76
	403-9 Work-related injuries		3.6	77
				3.9
			8.8	
		16.1		


Training and education				
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary			46, 47
	103-2 The management approach and its components			61, 71
	103-3 Evaluation of the management approach			28, 71
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee		8.2	71
	404-3 Percentage of employees receiving regular performance and career development reviews			71
Diversity and equal opportunity				
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary			46, 47, 65
	103-2 The management approach and its components			65-71, 129
	103-3 Evaluation of the management approach			28, 66, 67, 129
GRI 405: Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees		5.1	36, 67
			5.5	
			8.5	
Employment				
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary			46, 47, 61, 65
	103-2 The management approach and its components			60-64
	103-3 Evaluation of the management approach			28, 60
GRI 401: Employment 2016	401-1 New employee hires and employee turnover		5.1	63
			8.5	
			8.6	
			10.3	

Market presence					
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary		46, 47, 67	
	103-2	The management approach and its components		36, 66, 67	
	103-3	Evaluation of the management approach		28, 67	
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		46, 47, 65	
	103-2	The management approach and its components		65-71, 129	
	103-3	Evaluation of the management approach		28, 66, 67, 129	
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken		5.1	65
				8.8	
				10.3	

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		39, 46, 47	
	103-2	The management approach and its components		37, 39	
	103-3	Evaluation of the management approach		39	
GRI 412: Human rights assessment 2016	412-2	Employee training on human rights policies or procedures		5.2	65
				8.5 8.8	
				10.3	
				16.2	

Freedom of association and collective bargaining					
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary		39, 46, 47	
	103-2	The management approach and its components		39, 98, 99	
	103-3	Evaluation of the management approach		39, 99	
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 assessments conducted in 2020 in this regard.


EXPANSION OF SUSTAINABLE PRODUCT RANGE

GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary		24, 46, 47	
	103-2	The management approach and its components		24-27	
	103-3	Evaluation of the management approach		27, 28	
		Number of certified products in our assortment		27	

PREVENTION OF FOOD WASTE

GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary		46, 47, 125	
	103-2	The management approach and its components		125	
	103-3	Evaluation of the management approach		125	
		Projects implemented to reduce food waste		12.3	94, 95
		Total value of social tickets donated to partner non-governmental organizations		12.3	125 ✓

ANIMAL WELFARE PRODUCTS


GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary		46, 47, 98, 99	
	103-2	The management approach and its components		98-100	
	103-3	Evaluation of the management approach		100	
		Initiatives to promote good practices amongst animal products suppliers		2.3 2.4	100

POS - TRANSPARENCY

GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	40, 46, 47
	103-2 The management approach and its components	40
	103-3 Evaluation of the management approach	40
	Measures to ensure POS transparency	24, 27, 40

PROMOTION OF LOCAL/NATIONAL PRODUCTS

Procurement practices

GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	46, 47, 98, 99
	103-2 The management approach and its components	98-101
	103-3 Evaluation of the management approach	28, 101, 128
GRI 204: Procurement practices 2016	204-1 Proportion of spending on local suppliers	 8.3 101

GREEN LOGISTICS




GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	46, 47, 123
	103-2 The management approach and its components	123
	103-3 Evaluation of the management approach	28, 123
	Measures to ensure sustainable processes in our logistic centers	123

ENVIRONMENTAL-, CLIMATE- AND RESOURCE-FRIENDLY SUPPLY CHAIN/PRODUCTION

GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	46, 47
	103-2 The management approach and its components	98-100, 105
	103-3 Evaluation of the management approach	28, 128
	Measures to improve supply chain sustainability	100, 105

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	46, 47, 92
	103-2 The management approach and its components	92-95
	103-3 Evaluation of the management approach	28, 92-94
GRI 203: Indirect economic impacts 2016	203-1 Infrastructure investments and services supported	 5.4 92-95 ✓
		 9.1 9.4
		 11.2

LOCAL/NATIONAL SOCIAL ENGAGEMENT AND ECOLOGICAL RESPONSIBILITY

Local communities

GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	46, 47, 86, 87
	103-2 The management approach and its components	86-87
	103-3 Evaluation of the management approach	28, 29, 128
GRI 413: Local communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	 4.4 86-91
		 11.2
		 17.17



#OurActionsDotheTalking







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