

# STARTING WITH RESPONSIBILITY

Social Responsibility Brochure 2020



**Our  
actions  
do the  
talking.**

  
**Kaufland**

Kaufland Moldova

# About the Brochure

This is the first Corporate Social Responsibility brochure of Kaufland Moldova. The following information covers the financial year 2020 (March 1st, 2020 - February 28th, 2021) and describes our activity in the 4 stores and head office. The brochure is structured into 7 chapters and presents non-financial performance indicators relevant to our activity. For communication purposes, in the following pages, the terms “Kaufland Moldova” or “the company” were used instead of the official name of the company, Kaufland S.R.L.

The brochure was developed by Kaufland Moldova's internal team supervised by:

## Cristina Aramă

PR Manager – Communication Department

## Consultant

The preparation of the sustainability brochure was carried out with the support and technical guidance of The CSR Agency.



## Contact

For more information about this brochure, comments, suggestions and other questions about our approach to sustainability, you can contact us at:

## KAUFLAND S.R.L

29 Sfatuł Țării Str., MD-2012, Chișinău  
Phone: +373 22 85 93 00  
[presa@kaufland.md](mailto:presa@kaufland.md)  
[www.kaufland.md](http://www.kaufland.md)

# Contents

<b>The Chief Executive Officer's message</b> .....	<b>04</b>
<b>The Executive Director's message</b> .....	<b>06</b>
<b>1. Our story</b> .....	<b>08</b>
Schwarz Group .....	<b>08</b>
Kaufland Moldova .....	<b>10</b>
Key figures of 2020 .....	<b>12</b>
Compliance, ethics and responsible business .....	<b>13</b>
<b>2. Product assortment: committed to doing things right.</b>	
<b>From the beginning</b> .....	<b>16</b>
Kaufland private labels .....	<b>16</b>
Sustainable products .....	<b>20</b>
<b>3. Supply chain: committed to supporting our suppliers</b> .....	<b>22</b>
Responsibility across the whole supply chain .....	<b>22</b>
We support the local producers .....	<b>23</b>
Our suppliers in 2020 .....	<b>23</b>
<b>4. Employees: committed to our team</b> .....	<b>24</b>
Kaufland Moldova, Top Employer .....	<b>24</b>
Remuneration policy .....	<b>26</b>
Diversity and equal opportunity .....	<b>27</b>
Training and professional development .....	
Benefits .....	<b>28</b>
<b>5. Stores: committed to protect the environment</b> .....	<b>30</b>
Waste generated in operations .....	<b>30</b>
Energy consumption .....	<b>32</b>
Greenhouse gas emissions .....	<b>34</b>
Water consumption .....	<b>35</b>
<b>6. Society: committed to bring value to our communities</b> .....	<b>36</b>
Our programs .....	<b>36</b>
Our projects in 2019 - 2020 .....	<b>37</b>
<b>7. A crisis that united us: solidarity with our communities in the fight against COVID-19</b> .....	<b>42</b>





# The Executive Director's message



## Dear Friends,

2019 was the year when, after four years of work and joint efforts, Kaufland opened the doors of its stores for the people of the Republic of Moldova.

With this step, we brought here our business experience and all the processes recommending us internationally as a trustworthy company for which sustainability and social responsibility are a key part of the business strategy – the engine that supports constant performance.

In 2020 we continued our mission to bring a modern, efficient and dynamic retail to the market of the Republic of Moldova. At the same time, we remain devoted to our social involvement projects, identifying the most urgent needs of the community in which we are doing business. We set out to create jobs to European standards where employees are the soul of the business, to promote local products and suppliers

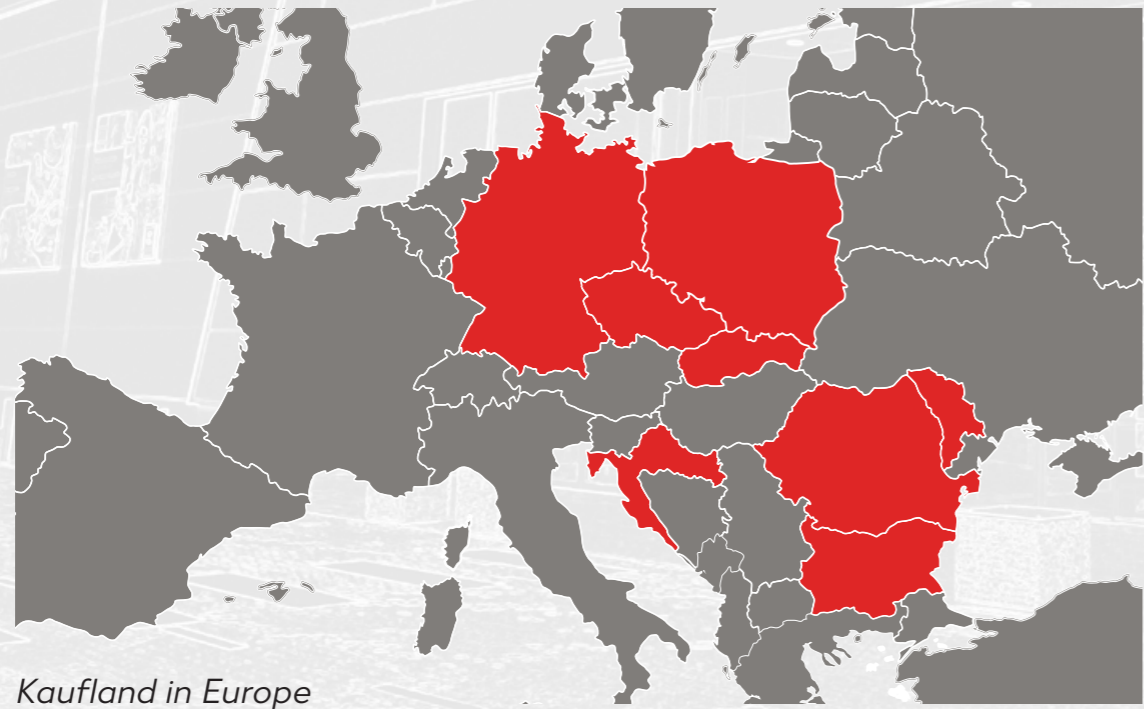
on the shelves of the store, thus actively investing in the country's economy; our ultimate goal is that the people here in the Republic of Moldova should benefit by quality products and services and a friendly and honest treatment.

But Kaufland goes beyond the doorstep of its stores by being a good neighbor and a resource the communities can count on. Our goal is to carry on with our work while taking care of people and the environment because we know that the future of our business and of any sustainable economy depends on the achievement of this objective. The information set out in this brochure is a first step, a proof of our core commitments supported by concrete actions, having in mind a fundamental principle for Kaufland, transparency.

**Dona Rapciuga**  
Executive Director Kaufland Moldova

# Schwarz Group

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.



## Our journey

**Kaufland Stiftung & Co. KG, part of the Schwarz Group, whose international headquarters is in Neckarsulm, Germany, acts as process and system provider to support its national entities in their business activities. Kaufland operates over 1.350 stores in Germany and Eastern Europe.**

- 1930**

Josef Schwarz joins Südfrüchte-Großhandlung Lidl & Co. from Heilbronn. The group is renamed Lidl & Schwarz and expands as a wholesale network with a wide assortment of food products.
- 1960**

Opening of the first Cash&Carry-Store under the name Handels-und Fruchthof Heilbronn.
- 1968**

Dieter Schwarz and Walter Herrmann open the first consumer goods store in Backnang under the name Handelshof. Josef Schwarz had previously handed over the leadership of the company to his son, Dieter Schwarz. This opens the way to becoming a successful international retailer.
- 1984**

The first self-service Kaufland store opens in Neckarsulm. The number of customers is huge.
- 1989**

Expansion to the new German states. The first store in a tent opens in Meißen.
- 1990**

Expansion to the new German states. The first store in a tent opens in Meißen.
- 1993**

100 Kaufland stores, after the opening of the new store in Berlin Prenzlauer Berg.
- 2003**

Launch of the K-Classic private label. Soon afterwards, other private labels are developed.
- 2005**

The first Kaufland store in Romania opens.
- 2010**

Kaufland store no. 1,000 opens in Berlin. At the moment, there are 600 stores in Germany and a total of 400 stores in Bulgaria, Poland, Romania, Croatia, Slovakia and the Czech Republic already.
- 2010/2011**

One name: KaufMarkt (in 2010) and Handelshof (in 2011) become Kaufland.
- 2018**

Kaufland celebrates the 50<sup>th</sup> anniversary with modernized stores, which got a new look.
- 2019**

**Kaufland opens the first stores in Moldova.**

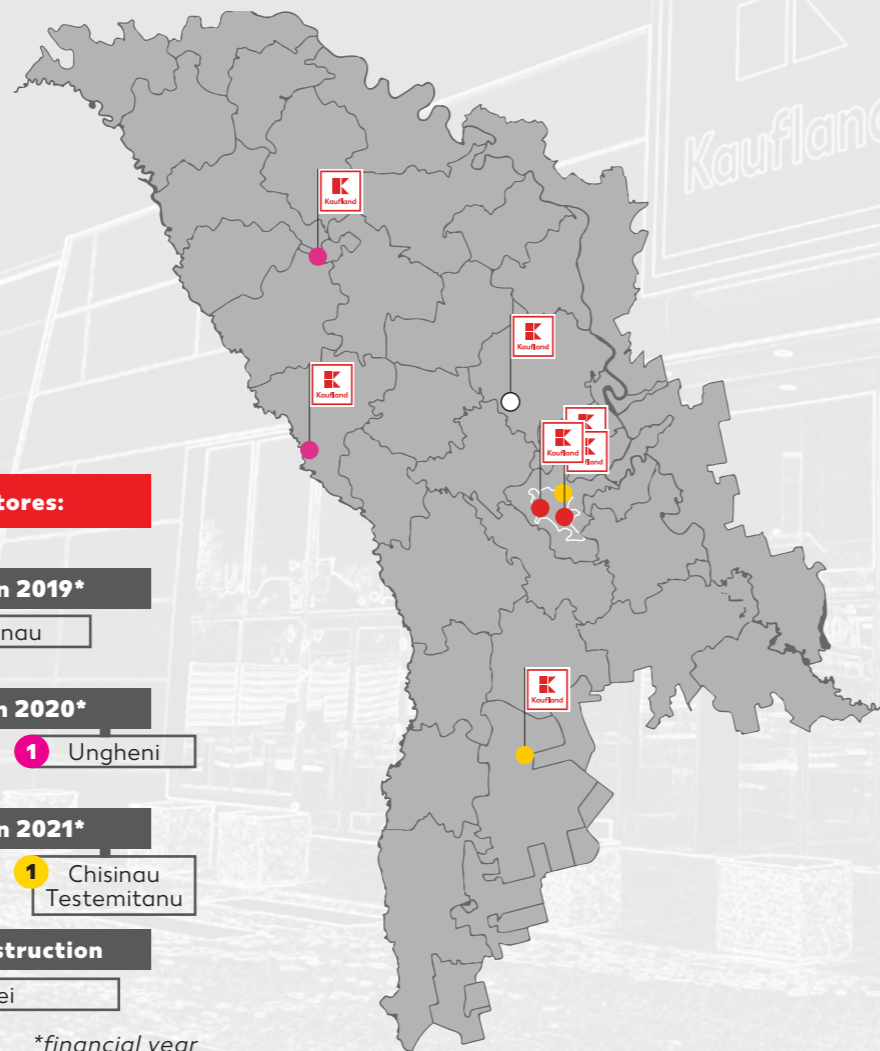
# Kaufland Moldova

Kaufland Moldova is part of the Schwarz Group's European chain store Kaufland, operating in Germany, Czech Republic, Slovakia, Croatia, Poland, Bulgaria and Romania, and has been present in Moldova for 4 years, opening the first stores in 2019.

In 2019, Kaufland opened the doors of the first two stores in the Republic of Moldova. While in 2020 the company was operating 4 stores, currently, Kaufland operates a chain of six stores in the country, developed according to the highest standards of quality and comfort.

We strive to be an honest business partner so we can continue to be an active citizen of the community whose welfare we support and increase. As confirmation of our plans and actions, Kaufland already invested more than 658 million moldovan lei in the development of the company in the Republic of Moldova between 2016 and 2020.

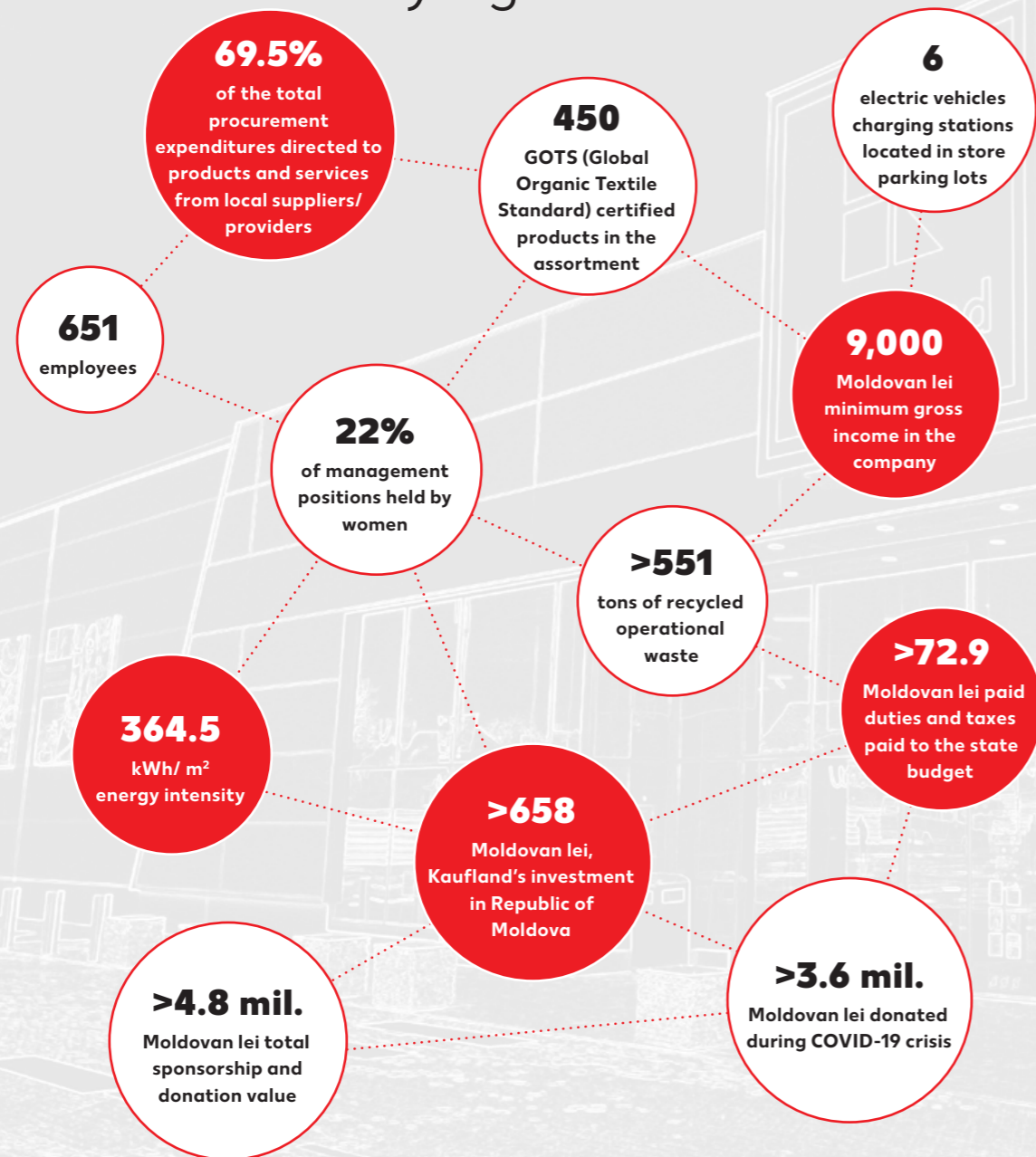
Customer satisfaction is at the heart of our business. Each of Kaufland's employees contributes to a friendly environment, providing a pleasant shopping experience for any customer.



After two years in business on the market of the Republic of Moldova, Kaufland reconfirms its status as a company that applies the most innovative technologies in the retail sector, while its care for employees, customers, partners and the community remains a priority. In this respect, Kaufland Moldova received the "Golden Mercury" grand prize in four categories of the "Commercial Brand of the year 2020" competition:

- "Socially Responsible Commercial Brand"
- "Important Contribution to Sustainable Development"
- "Inter" (Economic and financial indicators)
- "Implementation of Integrity Standards in the Private Sector"

## Key figures of 2020



## Compliance, ethics and responsible business

### Our values

We wish to build a long-term reliable relationship with all our partners, driven by the endeavor to contribute together to the sustainable growth of our communities. The values at the foundation of our business model are anchored in solid principles such as fairness, respect and care for everything around us. At the same time, our workplace conduct is defined by three fundamental values that shape our behavior:

- **Performance**  
as a basis for success; it entails action, perseverance, courage and passion;
- **Dynamism**  
the power by which we grow what is good and create something new; it requires openness and ability to change, firmly assuming responsibility;
- **Fairness**  
based on appreciation and respect; it is the foundation of our collaboration defined by trust.

### Compliance

Infringements of applicable laws can entail financial damages and reputational loss for Kaufland. In addition, mentioned violations can result in personal claims for compensations and criminal consequences for individual

More information about the principles and values that guide our everyday activity can be read at [www.kaufland.md](http://www.kaufland.md), "About Kaufland-Values" section.

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.

Against this background the company has implemented a Compliance Management System (CMS), that includes binding CMS-standards. These CMS-standards specify certain requirements and elements to ensure an appropriate level for compliance. An essential element of CMS is that infringements of applicable law and internal guidelines should be avoided and identified violations consequently prosecuted/punished ("zero tolerance principle").

Focus areas of CMS are for example 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.





# Kaufland private labels

The customers' satisfaction is always at the heart of our concerns. Their desires and needs constantly change, which is why our goal is to provide them with the best shopping experience, keeping them constantly informed about the available options in the Kaufland stores.

## Food products



**K-Classic** – our private label offering a wide product assortment at the most convenient price. The quality of the products is guaranteed through constant controls and checks by independent audit institutions.



It is a ready-made, ready-to-eat snack private label. Sandwiches, ready-made specialty coffees, beverages, milk-based desserts, orange juice and smoothies are carefully prepared, ready to be picked and enjoyed from the specially developed To Go section in our stores.



**K-Bio** – includes a wide range of bio food products, affordably priced, produced according to the local and international regulations requirements on organic production and labeling of organic products. They do not contain artificial coloring, taste enhancers or artificial flavors, for example.



**K-free** – gluten-free or lactose-free product range, which gives customers suffering of food intolerances and allergies the best price-quality ratio.



**K-take it veggie** – wide range of vegan or vegetarian products offering a rich product assortment for our customers who seek to adopt a more balanced diet.



PRODUCT ASSORTMENT: COMMITTED TO DOING THINGS RIGHT.  
FROM THE BEGINNING  
KAUFLAND PRIVATE LABELS

**Non-food products**



The new private label for kids features T-shirts, long sleeve tops, jackets, tights, trousers, sport shoes, hoodies, vests and many more. Hip&Hopps products entice through selected materials, superior processing, resistance and functionality. If it is possible, all natural fibers are made of GOTS (Global Organic Textile Standard) certified cotton. The quality is periodically checked by our internal quality assurance department, as well as by independent parties.



**Kidland** – the first private label of toys, emphasizes safety and verified quality, offering diverse items at favorable prices. Thus, on top of the internal quality control during the manufacturing stage, we refer

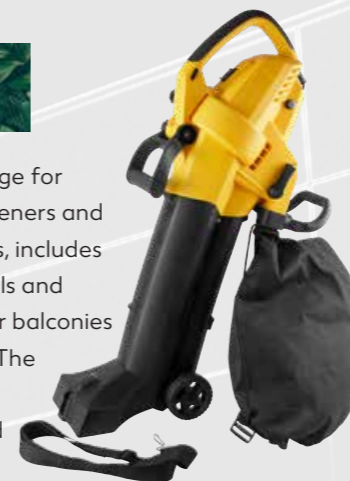
to the expertise of independent institutions. For wooden toys, we focus on FSC® (Forest Stewardship Council) certified wood sourced from responsible forestry. In addition, all wooden toys are TÜV®-verified.



**Kuniboo** – private label for children and infants of carefully-selected products made with the most demanding quality and comfort requirements. Most of the processed natural fibers are made of organic GOTS (Global Organic Textile Standard)-certified cotton, the buttons are strong enough to avoid tearing and tested against adverse reaction to nickel, while the packaging paper is FSC® (Forest Stewardship Council)-certified.



A product range for amateur gardeners and fresh air lovers, includes gardening tools and accessories for balconies and terraces. The products are manufactured from robust quality materials resistant to all the environmental factors. TÜV verifications and electrical product warranty extended beyond the minimum period required by law determine the price-quality ratio to be a fair one. In addition, the wooden items are FSC®-certified and come from a sustainable manufacturing process.



It is the range that offers high-quality household appliances at good prices. The SWITCH ON brand products have an attractive and modern design, while complying with a high technical standard. Safe, functional, durable and easy to use, the SWITCH ON products come with a power cord and/or integrated battery and are certified by renowned, independent and accredited entities such as TÜV Rheinland.



**Cosmetics**



It is a range of personal care products that includes creams, shower gels, hair products, facial care, men's cosmetics products and other daily-use products for the entire family, babies, teenagers, women and men.



More on the private label products in our product assortment can be found [www.kaufland.md](http://www.kaufland.md), "Despre Kaufland ~ Mărci proprii" section.

## Sustainable products

Our commitment is to deliver quality products to our customers through the more than 14,000 food and non-food items available in 2020 on the shelves of our stores. The selection and ingredients of the products included in our product assortment has an impact on the health, safety and well-being of consumers, therefore one of our priorities is the reduction of the sugar, fat and salt content in our private label products. The sustainability of our supply chain and, consequently, of our products is essential in our product selection.

We also take responsibility for the impact of our activity on the environment and on the communities across our value chain. That is why we aim to offer to our customers as many products certified to the highest international standards as possible.



### GOTS

Many of the household textiles and clothing items part of our private label range include at least 70% certified organic cotton and are GOTS (Global Organic Textile Standard) certified. GOTS guarantees ecological and socially responsible textile production. More on [www.global-standard.org](http://www.global-standard.org).



### FSC

The majority of the wooden products in our private label range are FSC®-certified, which means they are produced in compliance with the strict Forest Stewardship Council® directives. Among them are napkins, hygiene products such as toilet paper and wooden toys for children. By buying the FSC®-certified products, our customers contribute to and promote the responsible use of forests. More on [www.fsc.org](http://www.fsc.org).



### Fairtrade

The K-Classic and K-Bio chocolate products carry the Fairtrade Cocoa Mark and this shows that the main ingredient, cocoa, comes from a fair market chain. The products containing Fairtrade cocoa are, among others, baking chocolate,

chocolate spread and various cookie types. The Fairtrade Cocoa scheme enables Fairtrade cocoa producers to sell larger quantities of their own crops under fair commercial conditions. By purchasing products marked with this mark, our customers actively contribute to the improvement of life and work conditions of small farmers and to an ecological production. More on [info.fairtrade.net/sourcing](http://info.fairtrade.net/sourcing).

### UTZ

UTZ is now part of the Rainforest Alliance. The two organizations joined forces in 2018 to create a better future for people and nature. That's why you will see the new Rainforest Alliance certification seal and the UTZ label on our K-classic products. UTZ or Rainforest Alliance Certified products from K-Classic contribute to the improvement of environmental conditions and of sustainable livelihood opportunities for farmers, workers, and their families. By supporting the program, the sweets producers and brands such as K-Classic contribute to developing more sustainable farming practices. More on [www.rainforest-alliance.org](http://www.rainforest-alliance.org).

### MSC

We are constantly expanding our range of fish products derived from sustainable fishing practices, products that carry the MSC (Marine Stewardship Council) seal. 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 on [www.msc.org](http://www.msc.org).

### Micro-plastics

As early as 2013, as part of the "Voluntary Commitment (without) Microplastics", we committed to completely eliminate microplastic particles from private label products in categories such as cosmetics, personal hygiene, as well as detergents and cleaning products. They were replaced with

natural materials from renewable sources, among others. With our extended definition of "Microplastic Free Formular", 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 own brands 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 dialogue with our branded goods suppliers in order to make appropriate progress in the industrial brand area as well.

All private label articles without microplastics will be gradually marked with the logo "Microplastic Free Formula".

\* Not related to packaging or carrier materials (such as cloths, pads).

Item Certification Type	Private label	Others	Total certified items
Fairtrade	67	3	70
Organic (bio)	79	132	211
FSC (food)	3	10	13
FSC (non-food)	32	0	32
Rainforest Alliance	4	0	4
UTZ	24	11	35
MSC	4	0	4
GOTS	448	2	450
Fish products from sustainable fishing	4	4	8
Cocoa products from sustainable sources	40	0	40
Coffee products from sustainable sources	8	2	10
Eggs from sustainable sources	0*	4	4
<b>TOTAL**</b>	<b>713</b>	<b>168</b>	<b>881</b>

\* n/a, as our assortment does not include any private label eggs

\*\* not an absolute total as an item may carry one or more certifications

# Responsibility across the whole supply chain

We take environmental and social responsibility beyond the boundaries of our stores. We also expect our business partners to appropriately implement a set of social and environmental standards. Our expectations from our partners are shown in the provisions of the Kaufland Code of Conduct about the social standards for business partners to which they commit and sign on upon starting the collaboration.

The Code of Conduct is the basis for the long-term business relationships with our suppliers. It is based on international standards and directives, such as the principles of the International Labor Organization (ILO), the United Nations Universal Declaration of Human Rights, the UN conventions on children’s rights, the OECD guidelines for multinational enterprises, as well as the principles of the UN Global Compact, an initiative that the Schwarz Group joined at the beginning of 2020.

The basic principles that are minimal requirements to fulfil target such issues as: compliance with the law, eliminate discrimination, no tolerance for forced labor and child labor, freedom of association and the right to collective bargaining, fair working time and employment contracts, fair remuneration, ensuring workplace health and safety, environment protection, strong anti-corruption policies and social standards auditing.



**More information on how we check the suppliers’ compliance with the provisions of the Code of Conduct can be read [here](#) or at [www.kaufland.md](http://www.kaufland.md), “Despre Kaufland → Sustenabilitatea → Lanțul de aprovizionare” section.**

# We support the local producers

## GLOBALG.A.P. certification for fruit & vegetables

Since 2017, Moldovan producers have been receiving help through special support programs to develop and achieve one of the most widely accepted international food safety and sustainability certifications, GLOBALG.A.P. (Good Agricultural Practices), which will also allow them to export products anywhere in the world.

The costs of obtaining this international certification - the costs of consulting services, training, soil and water testing, customized action plans, implementation and assessment (approximately 2 million Moldovan lei), were fully paid by Kaufland Moldova.

The Fruit & Vegetables Standard covers the following requirements:

- Food safety;
- Traceability;
- Quality assurance;
- Workers' occupational health and safety;
- Land management;
- Site management;
- Fertilizer application management;
- Integrated pest management;
- Plant protection product management;
- Water management.

## Our suppliers in 2020

**In 2020, 69.5% of the total supplier expenditures were directed to local suppliers.**

### Merchandise Suppliers

Year	Local Suppliers (expenditure)	Other Suppliers (expenditure)	Total
2020	72,3%	27,7%	100%

### Non Resale Suppliers

Year	Local Suppliers (expenditure)	Other Suppliers (expenditure)	Total
2020	58,1%	41,9%	100%

**PRODUS**  
\*\*\*\*\*DIN\*\*\*\*\*  
**Moldova**

In august 2020, more than **3,700** articles in our assortment were locally sourced.

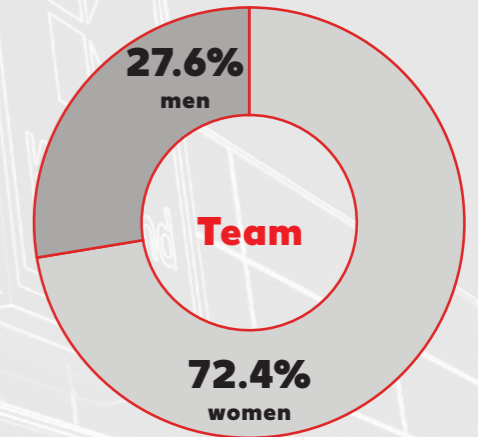
# Kaufland Moldova, Top Employer



After almost two years of market presence, Kaufland is the first retailer in the country to achieve the "Top Employer" international certification in the Republic of Moldova. It also received the "Top Employer" certification in Europe for the third year in a row, thus proving that employees are a priority for the company and that achieving high performance, even in terms of care for the Kaufland people, has become a tradition.

In order to obtain this certification, Kaufland went through a thorough and rigorous auditing process carried out by Top Employment Institute, an independent organization from The Netherlands. Thus, the human resources practices, salary packages and benefits, work conditions, training programs and the opportunities to grow in the company were analyzed and evaluated, along with the analysis of the organizational culture.

In 2020, Kaufland Moldova team comprised 651 employees, 471 women and 180 men.



[cariere.kaufland.md](https://cariere.kaufland.md)

Kaufland's success is guaranteed because of the attention we pay to the people who work with us and represent the company's spirit. The successful management of a company the size of Kaufland can only be achieved with the help of a strong human resources policy aiming to provide a fair work environment, a lively work culture and to instill the pride of being part of the Kaufland team to all employees. It all starts with our people, the environment we created promotes personal and professional development, rewards creativity and inspires professional satisfaction.

[recrutare@kaufland.md](mailto:recrutare@kaufland.md)

Kaufland Moldova employees, by age	<30	30-50	>50	Total
	228	363	60	651

Kaufland Moldova employees, by employment type	Part-time	Full-time	Total
	77	574	651

Kaufland Moldova employees, by employment contract	Fixed-term contract	Permanent contract	Total
	2	649	651

Total number of new employees, by gender	Men	Women	Total
	77	218	295

Total number of new employees, by age	<30	30-50	>50	Total
	127	148	20	295



# Training and professional development. Benefits

We want our employees to have access to all the resources they need to grow so they can successfully complete their day-to-day tasks. We provide them with development and schooling programs that take place both online through the Kaufland training Platform and face-to-face.

Each employee goes through online courses or schooling programs for initial schooling, repeat schooling, or periodic recaps. Trainings vary in duration and cover all company areas/ topics. For instance, the training of store employees takes place in a combination of on-the-job and online courses and the head office employees take online (e-Learning) courses on various topics (e.g., Energy Policy, Health & Safety, Real Estate, Legal&Compliance).

For the employees newly promoted in leadership positions, Kaufland Moldova offers the First Time Manager Program and the Qualification Offensive program for the sales managers (Regional Director, Sales or Store Manager). The training courses catalog including both the Office package and various soft skills development topic courses such as negotiation, communication etc. are available for the Head Office employees.

### Employee benefits

All employees receive the company benefits regardless of the work time, type or duration of the contract.

Benefits/ Work contract type	Full-time	Part-time	Temporary/ Internship
Parental leave	✓	✓	✓
Flexible work schedule for Head Offices	✓	✓	✓
Sabbatical leave	✓	✓	✓
Remote work option	✓	✓	✓
Additional leave and holidays	✓	✓	✓
Free language courses for employees' children	✓	✓	✓
Fitness clubs membership discount	✓	✓	✓
Private medical insurance	✓	✓	✓

At the same time, our employees benefit from a series of pay supplements such as:

- Overtime extra payment - 100% payment increase applied to the basic salary for each hour and minute worked overtime;
- Extra payment for work done on public holidays: 100% payment increase applied to the basic salary for each hour and minute worked on public holidays;
- Extra payment for work on Saturdays – 10% payment increase applied to the basic salary for each hour and minute worked on a Saturday;
- Extra payment for work on Sundays – 15% payment increase applied to the basic salary for each hour and minute worked on a Sunday;
- Extra payment for nighttime work – 50% payment increase applied to basic salary for each hour and minute worked between 22:00-06:00;
- Extra payment for work on a free day - 100% payment increase applied to basic salary;
- Extra payment for transportation - Applies to employees in stores working at hours when public transportation is not available.

Our employees also receive a number of allowances, in case of certain life events:

- Burial allowance - granted to the family in case of death of an employee;
- Childbirth/ adoption allowance for one of the parents if both are Kaufland employees;
- First marriage allowance, to one of the spouses only, if they are both Kaufland employees;
- Death in the family allowance in case of an employee's spouse or first degree family member death.

Other employee benefits include:

- Meal vouchers;
- Financial education trainings

- Christmas and June 1st gifts for employees' children of aged 14 or under;
- Christmas and Easter voluntary social benefits;
- Additional time off granted for people with disabilities, for marriage, death in the family, birth of a child, for parents of children in the first or second grade at school, for change of residence and for blood donation;
- Anniversary payments for uninterrupted time within the company, at 10, 25 and 40 years. In 2020, other employees' benefits included school bags for kindergarten/ first grade, car wash discounts and preferential prices, baby pack (packages of Bevola- Kaufland private label baby hygiene products).

### Employee evaluation

In order to check the employee's professional skills upon signing the individual employment contract, the employee may have a probationary period stipulated in the individual contract of employment, as per law. During the probationary period, the employee will benefit of all his/her employment legal rights and fulfill the obligations set by the labor law, the workplace internal regulations and the individual contract of employment.

The employee evaluation process for the target group takes place periodically and the employee receives feedback based on the Kaufland competence model. The feedback targets the performance over the last 12 months. Potential Talks are held for employees showing potential for promotion.

### Employee Advisor

All our employees can turn to the trusted Advisor when they need an objective opinion, mediation of conflictive situations or when having questions about discrimination, benefits and other HR topics. The Advisor is also responsible for the company values promotion and actively approaches the employees to understand the environment.

## Waste generated in operations

One of our key values driving our activity is the concern for the environment. Therefore, our policies on environmental protection include best practices available internationally, which can be applied in all our stores. We constantly analyze and research new and innovative technologies to find the best solutions to implement so that we can protect the environment.

Across our operations we make efforts to collect the materials we use in our daily activities, reclamation and recycling of the waste are a core priority of our environmental protection policy.

Collected waste (onsite)	Tons	Management method
Paper/ cardboard	478.3	Recycling
Glass	19.3	
Scrap metal	14.7	
Plastics and PET	31.9	
Wood	2.6	
Hazardous Waste (EEEW, oils, batteries, lamps)	4.6	
Other non-hazardous waste (construction waste, damaged items etc.)	0.3	
Municipal waste	3,117	Landfill
Organic Waste	106.7	Incineration

### Tomra Recyclers

Automated packaging recycling devices installed in Kaufland stores' parking lots are a best practice for Republic of Moldova. Through this program, Kaufland Moldova contributes to the trend of pollution reduction and encourages its customers to adopt an environmentally responsible attitude.

The recyclers are self-service and take three types of packaging: PET (up to 3-liter volume), glass and aluminum cans (up to 1-liter volume).



The recyclers are fully automated and have a packaging processing capacity of up to 60 containers per minute. Since the recyclers became operational, 54,000 people have chosen to recycle over 270,000 pieces of packaging through the TOMRA self-service devices.

### System for collecting plastic containers resulted from hygiene or cleaning products

Under the slogan "Excessive consumption of plastic can seriously harm nature", Kaufland Moldova launched a new system for collection of empty plastic containers coming from the hygiene or cleaning products, for the first time in its stores. In order to encourage an environment-friendly behavior, customers who bring packaging for recycling receive 50% discount vouchers for the purchase of new care products. This dedicated space, designed in the shape of a tortoise is available in all Kaufland Moldova stores.



### REset Plastic

Kaufland is part of Schwarz Group. For the core business of Kaufland – the trading of food products – resources are indispensable as transport and packaging material. Anyone who brings plastic into the cycle also bears responsibility for its further use. Accordingly, Schwarz Group has for many years been particularly committed to collecting, sorting and recycling of these resources.

The vision of "less plastic – closed loops" is also consistently pursued against an economic background. In order to live up to its self-conception as a future-oriented innovation driver, Schwarz Group has committed itself to reducing plastic consumption by 20% by 2025, to making 100% of the packaging of its own brands as recyclable as possible and to using on average a 25% recyclate in its own brands packaging out of plastic. In addition, Schwarz Group signed the Global Commitment of the New Plastics Economy of the Ellen MacArthur Foundation in 2018. To implement the goals set, Schwarz Group launched the plastics strategy REset Plastic in 2018.

### The five guiding principles of the action areas of REset Plastic – the plastic strategy of Schwarz Group:

- REduce** – We reduce – wherever sustainably possible – plastic.
  - REdesign** – We design recyclable packaging and close loops.
  - REcycle** – We collect, sort and recycle plastics to close the loop.
  - REmove** – We support the removal of plastic waste from the environment.
  - REsearch** – We invest in research and the development of innovative solutions and educate on recycling.
- Kaufland completely removed all disposable plastic articles such as drinking straws, disposable cups and jars, plates, cutlery and cotton swabs with plastic shafts from its range by the end of 2019. In addition, out of care for the environment, we announced the phasing out of the entire black plastic from the packaging of private label products by the end of 2021. You can read more on: [www.reset-plastic.com/en](http://www.reset-plastic.com/en)







# Greenhouse gas emissions

The climate crisis that we have been facing in recent decades is one of the biggest global problems and its effects are starting to be felt increasingly stronger. We know it is our responsibility to measure and reduce greenhouse gas (GHG) emissions to be able to take the best and most effective measures to limit the amount of generated emissions.

GHG Emissions (tons CO <sub>2</sub> eq)	2020
Scope 1 (direct emissions)	190.79
Scope 2 (electricity indirect emissions)	2,901.89
Scope 3 (indirect emissions)	99,621.04
<b>Total</b>	<b>102,713.72</b>

The annual inventory of greenhouse gas emissions helps us to have a constant overview of the size of the impact towards the climate change and provide us with a baseline from which to take measures and reduce and mitigate these effects.

The information below includes the generated emissions in our activities and GHG emissions generated along the production chain or from products sold and brought into the market. The methodology used for the emission inventory follows the GHG Protocol Initiative Standards. The carbon footprint includes greenhouse gas emissions generated in a financial year, directly and indirectly released through activities in Moldova.

In order to compare different greenhouse gases we used CO<sub>2</sub> as a reference, converting all emissions into equivalent CO<sub>2</sub> (CO<sub>2</sub>eq) based on their global warming potential (GWP) - for example, 1 kg of methane has the same harmful greenhouse effect as 28 kg of CO<sub>2</sub> and was counted in the emission inventory as 28 kg CO<sub>2</sub>eq).

Consumption data conversion to CO<sub>2</sub>eq is based on emission factors. The methodology used the location-based emission factor (for most sources of emission, determination of CO<sub>2</sub> emissions can be done based on secondary data only, sourced from scientific databases such as IPCC - Intergovernmental Panel on Climate Change).

Location-based emission factor: 486.8 gCO<sub>2</sub>/ kWh



# Water consumption

The direct impact we have on water resources is low, however, along the value chain, water is an extremely important issue for our producers and suppliers. That is why we closely monitor our water consumption within our company and endeavor to make it more efficient both in the stores and in the head office. All the water used in our activities is sourced from the municipal supply system. We do not use water extracted from other sources and we do not have an account on how water is extracted by our supplier. The wastewater is discharged in the municipal sewage system.

Water Consumption	2020 (m <sup>3</sup> )
Stores	20,696





Starting 2017, we brought classical music to unconventional places in the Republic of Moldova and supported young talents, promoting social topics during the "La La Play" tour alongside the Moldovan National Youth Orchestra.



### Road accident prevention campaign

In 2020, we joined the Ministry of Internal Affairs and the City Hall of Chisinau in the campaign to raise public awareness and prevent road accidents caused by exceeding the speed limit: "It won't happen to me. Are you sure? Stop speeding on the road".

Through this campaign held in August 19th – September 22nd, we contributed to the authorities' communication efforts to make drivers responsible in traffic. As part of the campaign, a series of awareness messages were broadcast in public spaces, on TV and on social media.



### 1st of June #different

Although the 2020 COVID-19-related crisis led to the delay of many of the planned projects and events for all of us, in particular the celebration of eagerly awaited days, "Children's day" remains a special occasion, a sincere reminder of childhood that puts a smile on our faces, regardless of the complicated circumstances.

So, on June 1st, Kaufland Moldova together with the "The Moldova Project" Association brought joy and smiles to more than 250 children from socially vulnerable families in the counties of Anenii Noi, Hincesti and Criuleni. Respecting the authorities' recommended restrictions, a series of open-air activities were organized, even in "The Moldova Project" beneficiaries' own yards. We intended to create a genuine celebration setting with children's music, games and art activities, face-painting, gifts etc. Parents, too, were invited to the party. For dessert, the kids had delicious muffins craftily baked with love by a group of volunteers, who bring a lot of joy to the children with their support for our activities. The children also received special gifts from Kaufland Moldova – toys, hygiene products and fruit.





**Kaufland: We are committed to the future**

In 2019, we donated to CCF/HHC a specially fitted minibus for children with special needs from "Casa Comunitară" ("Community House") in Chisinau, for an easier ride to the doctor, therapy and to public events. Also in 2019, together with the Asociatia Ajuta un Om (Help a Human Association) we organized the "Shoe Box Gift" campaign by raising over 7,000 gifts that were distributed to children from socially vulnerable families in rural areas.



**Kaufland: We are committed to fighting food waste**

At a time when many people worldwide are unable to secure the needed food and poverty is one of the main causes, it is our responsibility as retailer to do our best to limit food waste.

In addition to the measures taken at operation-level (good stock sizing, food storage conditions), whenever possible, we donate food safe for consumption to partners in the non-governmental sector to deliver it further to people in need.

In 2020, Kaufland Moldova became the first retail partner of the Food Bank. The project aims to collect, store and distribute food products removed from sale (because of damaged packaging or because they are due to expire soon) to socially vulnerable individuals and families, non-governmental organizations, soup kitchens and social centers.

During the four months of activity (September to December 2020), more than 15,000 kg of food, worth 240,000 Moldovan lei, were successfully recovered. The products reached about 40 organizations, which supported more than 1,400 beneficiaries, preparing more than 31,000 food portions for the persons in need.



**Events supported by Kaufland**

We aim to persuade entire generations of customers to join us through quality and sustainability, to be an active partner in the country's economic and social development, because only a healthy environment is conducive to a prosperous business. In addition to the inspirational examples Kaufland provides to customers in the stores, online and through the social responsibility projects, we went through unique experiences together at various events: Summer Fest, RoofOffline, Electro Maraton, Symphonic Pop, the Chisinau International Marathon, "Masha and the Bear" show, "Smiley" concert, Student Fest and Ignite.

## Solidarity with our communities in the fight against COVID-19



The crisis caused by the pandemic of COVID-19 was an unprecedented event for all humanity: it led to loss of human lives and upset the healthcare systems, the economy and the labor market. With many people risking to reach the extreme poverty line, people who lost their jobs and businesses that have closed as a result of the necessary measures to stop the spread of the virus, the effects of the crisis are far from over. At the same time, this whole period had far more profound implications: isolation, quarantine, closed borders, travel restrictions - it all left a strong mark on each of us.

Approximately **5,000,000** Moldovan lei invested in the implementation of protection and prevention measures in our spaces.

With many of our events and projects canceled or postponed, we knew from the very start we could not stand aside. We knew that we had to take measures to guarantee the safety and protection of our employees and customers, but also to help our partners and especially those who are at the forefront of the fight against the virus.



### For our employees, customers and partners

In the first half of March 2020, we adapted and swiftly came up with new procedures so as to have all the high-touch surfaces used by customers and coworkers, as well as common use items such as shopping carts, hand baskets, handles, door handles, railings, the Vegetable-Fruit section scales, bakery clamps, cash registers, till furniture and information desk, elevator buttons, escalators, Grill section tables etc. in all our stores disinfected several times a day. The toilets in the stores and all staff common areas, too, were disinfected several times a day. We installed free hand sanitizer stations both in the customer and till areas in all our stores. We constantly communicated to our employees the rules of hygiene and urged them to abide by them. We encouraged our customers to respect the safety distance, by installing markings in the stores, to avoid as much as possible the use of cash and to choose card or phone payment.

Teams in charge of implementing additional measures of hygiene and prevention were assigned in the stores and head office and we also started a set of measures to protect the office employees. We also provided a

dedicated telephone line to provide correct and complete information to our employees. Immediately after that, we continued to take constant measures to protect customers and employees, strictly following the recommendations of the authorities.

In early April, we decided the medical staff, Ministry of Internal Affairs and Defense Ministry's employees should have priority expedited access in stores and to the cash registers.

These priority measures were part of Kaufland's initiative to express the support for the extraordinary efforts they made during that time.



**DEKRA Certification: the confirmation that the safety measures were implemented properly**

In November 2020, we were the first store chain to receive an international certification as a confirmation that all the safety measures taken to contain the spread of COVID-19 were being implemented properly, fully and in compliance with the international health standards of the World Health Organization and local institutions. Following the evaluation of the measures to prevent the spread of COVID-19 in the three locations in the Republic of Moldova, the DEKRA certification proved that Kaufland

Moldova stores were officially “trusted facilities” (Trusted Facility Standard). DEKRA audit for the COVID-19 spread prevention measures was carried out onsite by a team of auditors who visited and inspected each store. A set of 134 criteria have been checked by inspectors to award the certification.



Beyond the hardships the healthcare system faced, the economy, too, suffered significant losses. Restrictions imposed by authorities to limit the spread of the virus affected many small businesses. Therefore, the authorities had to come up with a series of measures to support them in order to limit the losses caused by the COVID-19 pandemic. To support the efforts of the authorities to balance the economy, in April 2020 we decided to pay state and local

taxes three months in advance. Thus, Kaufland directed over 5 million lei to the state and local budgets in taxes that otherwise had to be paid by June 2020. The amount was paid in one installment on April 3rd and included health insurance tax, building and social security taxes.

**For our community and frontline heroes**

We quickly understood the situation we were facing was very challenging for everyone, so we reacted without hesitation to the difficulties the community was experiencing.

In line with our CSR strategy and the values representing us as a company, we donated over 3,600,000 lei to NGOs and projects that provided support to the frontline heroes, but also the vulnerable groups. We saw then, more than ever, that responsibility makes a difference and the actions of each and one of us can save lives.

In support and to contribute to the medical and social system efforts in fighting the COVID-19 pandemic, we carried out several corporate responsibility actions by donating:

- 1,077,000 Moldovan lei – for the “Together for you” campaign. Part of the medical equipment and supplies required for the COVID-19 Center in Chisinau were purchased with our financial support;
- 1,200,000 lei – for purchasing 15.000 test collection kits and means of transport for COVID-19 testing;
- 860,000 lei – for purchasing medical equipment for municipal medical institutions.

- For those in vulnerable situations, we worked alongside non-governmental partners and donated: 100,000 Moldovan lei – for the “I help. I care” campaign we did with “The Moldova Project” and “Diaconia” Social Mission. Tens of socially vulnerable families benefited of support during that difficult time.
- 300,000 lei – support for the socially vulnerable people and the beneficiaries of “Diaconia” Social Mission and Social Welfare General Department of the City Hall of Chisinau;
- 65,000 lei – for support of the “I help. On Easter” campaign organized by “The Moldova Project”.

Over **3.600.000** lei donated to NGOs and projects helping the frontline heroes and vulnerable groups





## KAUFLAND S.R.L

29 Sfatul Tarii Street,  
MD-2012, Chisinau

**Phone:**  
+373 22 85 93 00

**Email Address:**  
[office@kaufland.md](mailto:office@kaufland.md)

