

# OUR ACTIONS DO THE TALKING:

## Our Promise for a Better Tomorrow

**Sustainability Report**

Moldova

2021

**Our  
actions  
do the  
talking.**



**Kaufland**





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# Message from Our Management

Dear friends,

Commitment to sustainability has been an integral part of our culture from the beginning. Within the entire organization, we are passionate about growing our business both successfully and responsibly.

We believe that our mission to tackle environmental and social challenges has never been clearer and we are making *a promise for a better tomorrow*.



**Dona Rapciuga**  
Executive Director  
Kaufland Moldova



**Marco Hößl**  
Chief Executive Officer  
Kaufland Republic of Moldova  
and Romania

We are proud to say that we have taken further meaningful action in 2021, for which we were once again recognized by rigorous ratings. After almost two years on the Republic of Moldova market, we are the first retailer in the country to receive the international "Top Employer" certification. At the same time, for the third consecutive year, Kaufland received the "Top Employer" certification in Europe. We value our people; we believe in teams built as a family, thus taking care of our employees is an indispensable part of our mindset.

Sustainability is one of our main values, which means that we strive to create a balance between people, planet, and performance. With the efforts of our team and the collaboration with our partners, we set new targets to help us increase our positive impact.

We are happy to be a reliable partner in Moldova, starting 2016, and to be actively present in the society, supporting the economic development of local communities. In 2021, more than half of our expenditures on suppliers were directed towards local suppliers, and while still facing a

challenging environment, last year we invested more than 2.43 mil. Moldovan lei in projects for our communities. We are also taking a very close look at the environmental footprint of our operations, always looking to implement the most efficient solutions when it comes to raw materials or energy consumption. Looking ahead, we committed to a target of reducing our operational greenhouse gas emissions (Scope 1 and 2) by 80% compared to 2019. We know our work never stops and our sustainable progress continues, as we write new chapters in the retail market.

The world we live in will continue to evolve and change, and it is our responsibility to find the best way to grow, while contributing to the common good, and to cultivate sustainably while meeting the evolving needs of our clients.

On behalf of everyone at Kaufland Moldova, we would like to thank you for your interest in our First Sustainability Report and once again strengthen our promise that we are working together for a better tomorrow.





# About the Report

The pages ahead represent Kaufland Moldova's first Sustainability Report, after the Sustainability Brochure published in 2021, for 2020. The report was prepared in accordance with the GRI (2016) Standards: Core option. For the Kaufland specific indicators, the data was collected based on KAUFLAND Moldova 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 covers the 2021 financial year (01.03.2021 – 28.02.2022) and describes in its four chapters the economic, social and environmental impact of our activities during the reporting period.

***Our Actions Do the Talking: Our Promise for a Better Tomorrow*** describes our activity in 2021, from a sustainability perspective, providing detailed information about our result in areas that are material to us. The structure and content of the report were build based on the materiality assessment process, conducted in 2021, that revealed our material topics.

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.

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## Consultancy

Kaufland Moldova's 2021 Sustainability report was prepared with the support and technical guidance of The CSR Agency, a Romanian-based consultancy.

## Contact

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# 01 Better for Our Consumers



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

The Group's total revenue for the 2021 fiscal year amounted to 133,6 billion euros.

Divided into a production, retail and environmental division, the companies of Schwarz Group cover 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 Schwarz Produktion. **Special emphasis is placed on the use of sustainable raw materials and environmentally friendly packaging.**

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

All companies of Schwarz Group share the common sustainability vision:

Acting globally responsible with diversity.





# Kaufland in Europe





# Kaufland in Europe



Kaufland operates over 1,500 stores and employs more than 143,000 employees in eight European countries. Whether in Germany, Poland, the Czech Republic, Romania, Slovakia, Bulgaria, Croatia or the Republic of Moldova, the company offers a comprehensive range of convincing quality food and everyday consumer articles. Across Europe, the company operates 5 meat processing plants and 17 distribution centers.

Kaufland is a full-range retailer that sells good quality, healthy and sustainable products to suit all needs. The core focus is on fresh products.

The product range includes a broad selection of brand name goods, attractive private label items, regional products and a wide variety of articles that help protect people and animals and conserve nature. The company is also committed to protecting the environment, mitigating climate change and conserving wildlife.

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







# Kaufland in Moldova



# Kaufland in Moldova



Kaufland Moldova is an indirect subsidiary of Kaufland Stiftung & Co.

Kaufland has had a presence in Moldova since 2016, with first stores opened in 2019. With 742 employees and 6 stores at the end of February 2022, Kaufland is one of the leading food retailers in Moldova.

The headquarters of Kaufland Moldova is in Chisinau.

In 2021, Kaufland opened two new stores: in Comrat and Chisinau (the third store in the city).

in Moldova,  
in 2021:

# 6

stores

# 1

administrative  
office





# Our Principles

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, with our clients, partners and 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 are characterize our working environment.

# Our Values

We aim to deliver our customers the best products on the market and therefore customer satisfaction is one of our core goals.

As we continue our expansion, our team focuses on identifying the best locations for our stores, to bring Kaufland closer and closer to the people.

Although an international company, our roots grow bigger and more powerful, as the Kaufland family expands from year to year. Our teams are guided by strong values, that help them deliver the best services every day:

Our leadership model stands as a testimony of the promise we made for our employees: to have an open and inclusive work environment that rewards performance and evolves in accordance with the feedback we receive from our team.



**Our management is focused on five key pillars:**

- Clear communication and guidance
- Employee development & talent screening
- Performance and dynamism
- Fairness and trust
- Daily accountability and role models



# Key Figures 2021



## Economic Impact

▶ **717.46 mil. MDL**  
investments in Republic of Moldova

▶ **97.95 mil. MDL**  
duties and taxes paid to the state budget

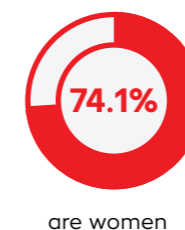
▶ **2.44 mil. MDL**  
total sponsorship and donations value

▶ **>16,000**  
listed food items in our stores



## Social Impact

▶ **742**  
people in our team, out of which



▶ **Top Employer in 2021**



▶ **12.8 mil. MDL**  
the total value of benefits offered to our employees in 2021



## Environmental Impact

▶ **>905 tons**  
of waste diverted from disposal

▶ **Collecting machines installed in the parking lots of all our stores**

▶ **8%**  
reduction of the energy intensity, compared to 2020

▶ **32.8%**  
reduction of the emission intensity, compared to 2020



# Economic performance

As one of the top retail companies in Moldova our impact goes beyond the products that we bring to our consumer. Through our activity we generate additional indirect economic impact, emphasized by our investments, employee costs, community projects supported and contributions to the state budget.

As our operations increase from year to year, so do the economic benefits that we bring to the Moldovan economy.

DESCRIPTION	2021
	01.03.2021 – 28.02.2022 million lei
<b>Direct economic value generated</b>	<b>1,732.05</b>
Revenues	1,732.05
<b>Economic value distributed</b>	<b>-2,062.35</b>
Operating costs	-1,905.49
Employee wages and benefits	-140.85
Payments to shareholders	-
Payments to government/state budget	-13.57
Community investments	-2.44
<b>Economic value retained*</b>	<b>-330.30</b>
Private label sales	302.51

The sponsoring activity is carried out by private individuals and legal entities voluntarily, upon request, and consists in granting financial aid or other assets to support non-profit activities. The beneficiaries of the sponsorship can be institutions and public authorities, non-commercial organizations and other persons, as regulated by the legislation in force.

The community investments expenditures represent the total value of donations and sponsorships carried out in the financial year 2021 (February 2021 – March 2022), in accordance with the national legislation in force: Law on philanthropy and sponsorship no. 1420-XV of 31.10.2002 and Fiscal Code of the Republic of Moldova, no. 1163-XIII of 24.04.1997.

# Awards

## Trademark of the Year

For the third consecutive year, Kaufland Moldova was recognized for its activity and contribution as an economic and social partner of the country in the "Commercial Brand of the Year 2021" competition. The award ceremony took place at the Moldovan Business Gala on 16 June.

Kaufland Moldova was awarded the highest distinction – **Zeița Calității** (in Eng. **Quality Goddess**), for the quality of products and services provided, and for ensuring the implementation of effective quality management practices within the company.

The company also won the **Golden Mercury Award** in the "Green Economy" category, a valuable recognition for a business that opts for sustainable economic development and contributes to environmental protection efforts.

For its high standards related to compliance and integrity policies, Kaufland Moldova was awarded the **Integrity Trophy** by the National Anti-Corruption Centre in the "Implementation of integrity standards in the private sector" category. The company was also awarded **the gold medal in the category - "Socially responsible brand"**.

At the same time, the **Golden Mercury** was also awarded under the "INTER" category for achievements as a foreign investor in Moldova.

## Top Brands 2021

In 2021, Kaufland Moldova expanded its operations in the country and opened its first store in the south of the country, in Comrat, and the third in the Capital. The company continues to provide a new shopping experience to all customers and to actively engage in social responsibility projects.

For these achievements, Kaufland Moldova received the **Diploma of Excellence** in the Retail category in the Top Brands 2021 competition organized by VIP Magazin. The award is a validation of our success in relation to our consumers, employees, partners, and suppliers, as we understand that the future of modern retail means undertaking a strategic role in the community where we operate, being an economic and social partner of the country.

## TOP Employer 2021

Kaufland, the first retailer to receive the international **Top Employer** certification in Moldova

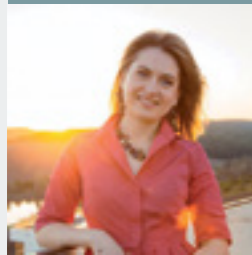
After almost two years on the market, Kaufland was the first retailer in the country to receive the international **Top Employer** certification in Moldova. At the same time, for the third consecutive year, Kaufland received the **Top Employer** certification in Europe, thus proving that employees are a priority for the company and that achieving performance in this area, including care for Kaufland employees, is now a tradition.



The "Trademark of the Year" competition is organized by the Chamber of Commerce and Industry in collaboration with the State Agency for Intellectual Property. This competition has taken place annually since 2003 and is intended as a test of the competitiveness of products and services, carried out through the commercial brand assessment by a professional jury and by consumers from the Republic of Moldova.



# Affiliations



**Mariana Rufa**  
Executive Director  
European Business  
Association of  
Moldova

## FEEDBACK FROM OUR STAKEHOLDERS

**When it comes to sustainability, what do you think are the main topics that Kaufland Moldova successfully addresses in its relationship with you?**

The European Business Association Moldova (EBA) is one of the largest and most dynamic business associations in Moldova, created in 2011 under the aegis of the EU Delegation in Chisinau. At the moment, the Association includes about 85 members - local and predominantly international companies operating in Moldova. The EBA Board is represented by 11 international and local companies, including Kaufland Moldova. Considering that the main objective of EBA Moldova is to improve the business climate, especially now that Moldova has obtained the status of a candidate country in the EU accession process, Kaufland together with the other 84 EBA member companies play a decisive role. Being part of a multinational company - Kaufland Moldova has the opportunity to share best practices in various areas related to trade, business practices, relations with suppliers, etc. Together with Kaufland Moldova, we try to make transparent and simplify procedures related to permit documents (issued by the National Agency for Food Safety or Customs) or procedures imposed by certain authorities with a regulatory role in the business activity. Thus, involving colleagues from Kaufland, as well as other companies, we managed to promote amendments to the Labour Code, including amendments to the Law on Internal Trade, actively promote simplified procedures related to personal data protection, etc. Besides the process

of harmonization of the legal framework, EBA Moldova had extraordinary collaborations with Kaufland on CSR projects, namely - during the pandemic period, when funds were collected for the purchase of medical equipment. Also, with the outbreak of the war in Ukraine, Kaufland provided unprecedented aid consisting in the supply of food, hygiene products, etc. for refugees in Ukraine.

**What are the main sustainability topics that Kaufland Moldova should invest more in, from your perspective?**

We believe that it is necessary for the private sector to get more involved in projects related to:

- » Waste management,
- » Projects aimed at improving university curricula/education in the country, thus improving study programs, bringing them closer to the labor market:
- » Projects aimed at creating marketing spaces for local producers.

All these three dimensions are areas for which the State is responsible, but unfortunately, the resources offered for this purpose do not cover the current needs.

Of course we encourage Kaufland Moldova to collaborate with such partners as CCF Moldova so that we can directly help families where children have been taken from orphanages, providing support in the process of deinstitutionalization of orphanages in the country.

Kaufland Moldova actively helps shape the political and social dialog. As such, a core element of our work is to monitor legislative changes, maintain a dialog with political stakeholders and engage in association work to shape industry opinions.

Behind our actions is the goal of rapidly and smoothly implementing legal requirements in operational practice and working together with suppliers to identify emerging issues early on.

We understand that only through collaboration and shared knowledge we can grow and perform for a sustainable economic environment, that is why we adhere to various sector business associations that provide opportunities for networking and discussions on important topics for our industry.

Kaufland Moldova is a member of various associations and organizations:



European Business Association  
Moldova (EBA)

Member since 2016



Association of Romanian Investors in the Republic  
of Moldova (AIR)

Member since 2019



The Chamber of Commerce and Industry of the  
Republic of Moldova (CCI)

Member since 2020



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

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



Action Alliance for Sustainable Bananas – ABNB\*  
since 2014



Forum for Sustainable Palm Oil – FONAP  
since 2013



Fur Free Retailer  
since 2014



GLOBALG.A.P.  
since 2019



Partnership for Sustainable Orange Juice – PANAO  
since 2020

Roundtable on Sustainable Palmoil - RSPO  
since 2012

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



Ellen MacArthur Foundation  
since 2018



Science Based Targets Initiative  
since 2020



UN Global Compact  
since 2020

As part of Schwarz Group, we encompass in our business model the principles and guidance of different international business associations and organizations.

## UN Global Compact Participation

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

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

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

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

## Human Rights — Labour — Environment

### PRINCIPLE 1

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

### PRINCIPLE 2

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

### PRINCIPLE 3

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

### PRINCIPLE 4

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

### PRINCIPLE 5

Businesses should advocate the effective abolition of child labour.

### PRINCIPLE 6

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

### PRINCIPLE 7

Businesses should support a precautionary approach to environmental challenges.

### PRINCIPLE 8

Businesses should undertake initiatives to promote greater environmental responsibility.

### PRINCIPLE 9

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

## Anti-corruption

### PRINCIPLE 10

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



## We support the 17 Sustainable Development Goals

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

GOAL NO. 2



### ZERO HUNGER

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

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

GOAL NO. 3



### HEALTH & WELL-BEING

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

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

GOAL NO. 4



### QUALITY EDUCATION

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

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

GOAL NO. 8



### DECENT WORK & ECONOMIC GROWTH

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

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

GOAL NO. 12



### RESPONSIBLE CONSUMPTION & PRODUCTION

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

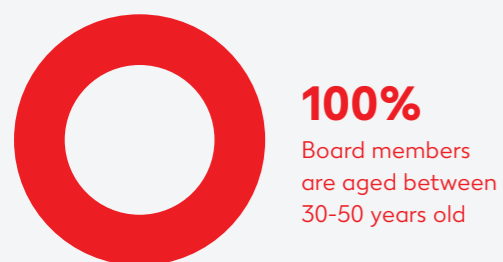
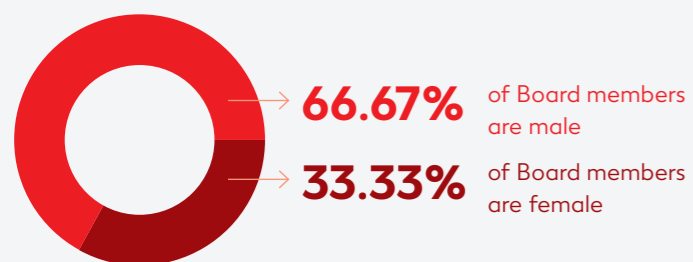
- » Reducing water consumption
- » Reducing food waste
- » European Supply Chain Initiative
  - > Products and services
  - > Efficient material use



# Responsible Business Model



# Management



## The Board of Directors

DONA-GABRIELA RĂPCIUGĂ  
Romanian  
Administrator

MARCO HÖSSL  
German  
Administrator

NICOLAE-RĂZVAN SORESCU  
Romanian  
Administrator

No member of our Board of Directors is of Moldavian nationality.

Senior management = Board of Directors

Senior management hired from the local community = members of the Board of Directors that are of Moldavian nationality

# Compliance with Applicable Laws

Infringements of applicable laws can entail financial damages and reputational loss for Kaufland Moldova. 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.

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

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

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

Trainings are provided to employees on aspects related to compliance.



## Reporting channels

We believe that constant communication and feedback are an essential condition for growth, that is why we have in place for our stakeholders various reporting channels where they can submit their feedback, complaints or any suspicions related to violations of the compliance principles.

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

At the same time, we offer all our employees, customers, competitors and partners the possibility of reporting non-compliance with legislation, the code of conduct or internal regulations and to seek advice if needed. To protect those involved, we treat every information we receive strictly confidentially.

In this sense, we adapted and integrated the online reporting system BKMS®, an online

communication platform that enables sending information regarding violation of compliance principles, within our operations. All information is processed by the Internal Compliance Manager.

Examples of what constitutes a compliance principles violation include:

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

The BKMS® system is completely anonymous, guarantees data protection and security and is available in multiple languages.

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

## Trainings on aspects related to compliance

Program	No. of participants	
	Women	Men
Principles of competition law in purchasing	1	4
Principles of competition law	11	7
Principles of competition law in internal procurement	3	0
Principles of competition law in real estate/expansion	3	9
Gifts, invitations, other benefits	388	112
In-store data protection	237	88
Corruption and conflict of interests	0	5
Compliance training for Store Managers	0	4







# Our Strategy



# Materiality Analysis



Kaufland Moldova carried out a materiality analysis in 2021 and 2022 (internal impact assessment) to identify the CSR topics that are relevant for its own business activities.

We therefore surveyed key stakeholders and also carried out an assessment of the impact Kaufland Moldova can have on these topics. The materiality analysis will be updated at least every two years as part of the sustainability reporting process.

## Identifying material issues from the stakeholders' perspective

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

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

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

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



The 17 CSR topics along Kaufland's value chain



# Results of the materiality analysis

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

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

## Evaluation of the impact of Kaufland Moldova

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

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

The results of the stakeholder survey and the internal assessments of the impact of Kaufland Moldova were validated in consultation with the executive management. The result of this materiality analysis shows that there are 6 CSR topics on which the business activities of Kaufland Moldova have a significant impact while also being very relevant for stakeholders. Accordingly, they are above the company's materiality threshold and form the basis for this report.

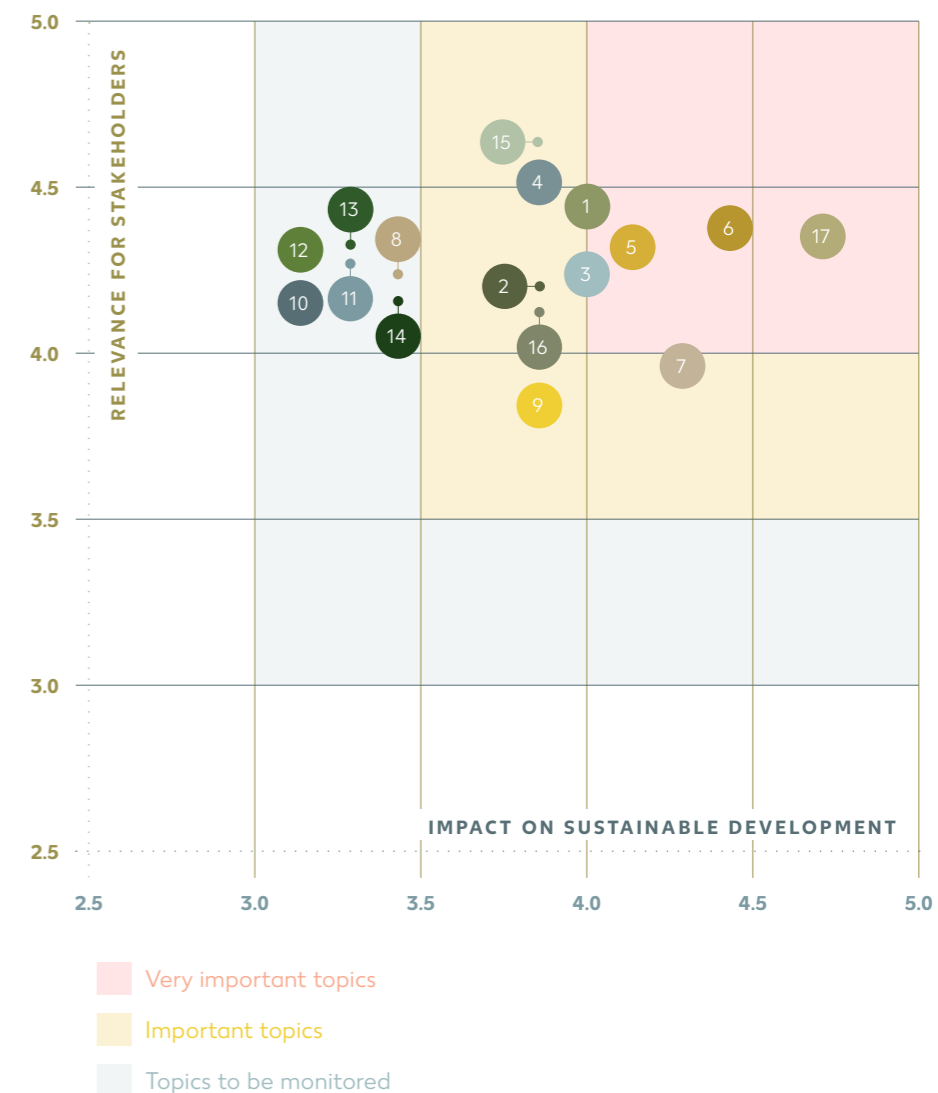
Note: Weighting of the stakeholder groups:



# Materiality Matrix

## Material Topics

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

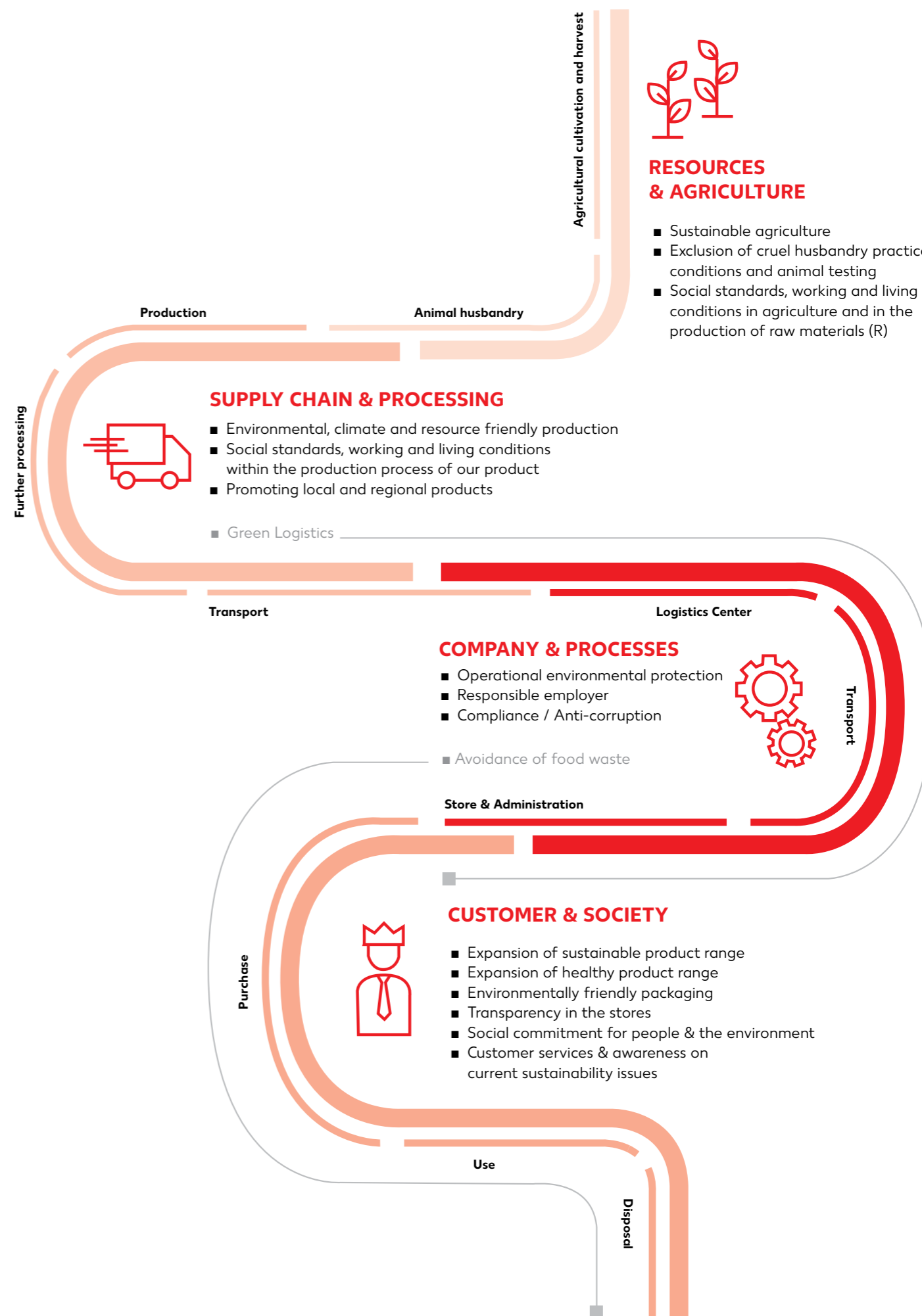




TOPIC	Impact boundaries	
	Direct impact*	Indirect impact**
Expansion of healthy product range	✓	✓
Expansion sustainable product range	✓	✓
Animal welfare products	✓	✓
Environmental protection in operational processes	✓	-
Compliance/ Anti-fraud	✓	✓
Promotion of local/national products	✓	-
Local/national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

\* The direct impact results from Kaufland Moldova's activities.

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





## Stakeholder Engagement

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

This dialog with our stakeholders is two-way: we work proactively to keep all of our stakeholders informed. We use different methods to do this, such as sustainability reports/press releases/conferences and events or customer brochures/TV or radio advertising for external stakeholders and customers, and intranet portals for our employees. We also facilitate and encourage direct and mutual exchange by organizing a range of events and personal meetings. These enable stakeholders to give us valuable feedback by sharing their expertise, observations and constructive criticism about our company, which we then incorporate in what we do. Kaufland Moldova also gets involved in collaborations and networks in various ways and participates in opportunities for dialog and exchange initiated by third parties.

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

Stakeholder group

### Consumers

(individuals or businesses)

Interests

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

How we engage and communicate with our stakeholders

Kaufland website: [www.kaufland.md](http://www.kaufland.md)

Kaufland Moldova Facebook page ([www.facebook.com/Kaufland.Moldova](http://www.facebook.com/Kaufland.Moldova))

Kaufland Moldova Careers website ([cariere.kaufland.md](http://cariere.kaufland.md))

Instagram: @kauflandmoldova

Youtube Dedicated events

LinkedIn Kaufland Newsletters

Kaufland Newspaper Telephone calls through the Customer Relations Department

Surveys

TV and outdoor advertising Direct mailing

Stakeholder group

### Employees

Interests

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

How we engage and communicate with our stakeholders

Intranet Surveys

Kaufland Moldova Careers website ([cariere.kaufland.md](http://cariere.kaufland.md)) Internal events Direct mailing

Kaufland Moldova Facebook page Professional training courses Notice boards Newsletters

Stakeholder group

### Civil society/ NGOs

Interests

social projects and sponsoring, local community involvement

How we engage and communicate with our stakeholders

Direct mailing Dedicated events

Personal meetings Surveys

Stakeholder group

### Suppliers

Interests

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

How we engage and communicate with our stakeholders

Dedicated events Personal meetings

Conferences Telephone calls

Direct mailing Surveys

Stakeholder group

### Academic representatives

Interests

partnerships for students, employment, research opportunities

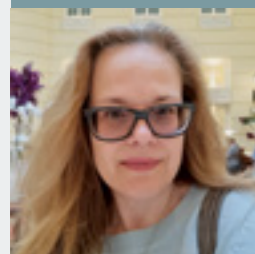
How we engage and communicate with our stakeholders

E-mails and written correspondence Direct meetings

Dedicated events Telephone calls

Surveys

#### FEEDBACK FROM OUR STAKEHOLDERS



**Irina Matenko**  
Chief journalist-analyst of business at "Logos Press" newspaper

**When it comes to sustainability, what do you think are the main topics that Kaufland Moldova successfully addresses in its relationship with you?**

The most important aspect is the company's complete information openness. Kaufland is one of the few retailers that always responds promptly to a journalist's request when it comes to the current state of the retail market or the business processes within the company itself. This dialogue is permanent, it is not interrupted regardless of the change of Kaufland specialists or the political and economic situation in the country. Secondly, I would like to note the high-quality information that Kaufland provides me as a business journalist. The company's materials always feature expert opinions, figures and arguments.

**What are the main sustainability topics that Kaufland Moldova should invest more in, from your perspective?**

Kaufland should invest in creating a permanent dialogue with journalists, especially with the members of the Economic Press Club of Moldova.

This can be done through press conferences, briefings, round tables dedicated both to company events and to discussing the overall retail market environment. Such cooperation will help Moldovan journalists to better understand the specifics of retail, the investor position and the development prospects of the industry.

Stakeholder group

### Authorities

Interests

taxes, reporting, legislation, transparency

How we engage and communicate with our stakeholders

E-mails and written correspondence Personal meetings

Telephone calls Surveys

Stakeholder group

### Mass-media

Interests

collaboration, project communication, quality of information

How we engage and communicate with our stakeholders

Press releases Telephone calls

Press conferences Surveys

Direct mailing



# Our Plans for the Future

Topic:

## Prevention of food waste



Goal:

**Communication, raising awareness and education about the importance of reducing food waste.**

Conducting a communication campaign and raising awareness of food waste among the public, but also among employees in order to reduce waste both internally, in stores, and externally among consumers and kids.

- » Increasing the number of products recovered from stores
- » Increasing the number of beneficiaries in anti-waste projects.



**Working towards the goal by:**

- Partnering with the Food Bank on the product recovery side
- Running a communication campaign and raising awareness of food waste among customers - "Attention! Delicious!"
- Implementing a national information campaign in schools
- Conducting 3 internal workshops with our colleagues

Topic:

## REset Plastic



Goal:

**Information and education campaign regarding the plastic recycling process.**

Carrying out a communication campaign regarding the company's actions in the direction of REset Plastic. Simultaneously, carrying out a campaign to make customers aware of the importance of plastic recycling

- » Increasing the percentage of plastic packaging brought to the collection machines and to the household cleaning products by 5%.
- » Continuous information about collection points in the Kaufland stores.



**Working towards the goal by:**

- Running a communication and awareness campaign regarding REset Plastic.
- Carrying out of one project on the plastic recycling topic.
- Supporting cleaning up actions (collecting plastic packaging thrown in improper places, recycling it, cleaning up of the terrain), continued by afforestation actions and bringing back the terrain to its natural state.
- Continuing to implement attractive promotions to reward customers.

Topic:

## Local/ national social engagement and ecological responsibility



Goal:

**Extending the domains of involvement in community life: healthcare, education, child protection.**

Collaborating with local NGOs and identifying sustainable and long-lasting projects with impact for the problems of the community in which we operate. To be perceived as the top business in social commitment and support for the communities where the are active.

- » Increasing the number of beneficiaries in social and community projects
- » Identification of new NGOs with which to start collaboration on long-term projects.
- » Simultaneously, supporting NGOs to grow and promote themselves.



**Working towards the goal by:**

- Identifying sustainable and long-term projects and becoming present in more regions of the country.
- Identifying new NGOs with which to start collaboration on long-term projects in the domains of education, child protection, health, women empowerment.
- Collaborating with NGOs on relevant problems in each community – socially vulnerable families, lack of education, limited access to educational resources, lack of universal healthcare (fighting breast cancer, blood donation, promoting healthy nutrition).



# Our Portfolio



# Our Portfolio

We constantly work to increase our portfolio and to bring our customers a large variety of products that are best suited for their evolving needs.

**Our commitment is to provide options that follow the highest quality standards, while meeting the diverse necessities of the people.**

We aim to increase our locally sourced products, a goal that we improve gradually, from year to year.



Type of products	2021	2020
Lactose-free items (private label)	4	3
Lactose-free items (brand)	29	9
Gluten-free items (private label)	12	16
Gluten-free items (brand)	68	46
Vegan items (private label)	44	16
Vegan items (brand)	57	36
Sugar reduced items (private label)	80	58
Salt reduced items (private label)	50	27
Fat reduced items (private label)	17	28



Our portfolio also includes **lactose-free**, **gluten-free**, and **vegan** options as well as **salt-** and **fat-reduced** items so that any requirements of different needs or diets are being met.

# Our Private Labels

## Our private label food products



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



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



**K-Favourites** — K-Classic offers a wide range of quality products and delicacies. We strive so that more and more of these products have at least one of the MSC, ASC, Fairtrade certificates and the Rainforest Alliance seal.



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

**K-take it veggie** — Wide range of vegan or vegetarian products, offering great variety for all clients wishing to adopt a healthier, balanced diet.



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





## Our private label non-food products



Our private label non-food products:

- » Countryside®
- » Hip & Hopps®
- » Kidland®
- » Kuniboo®
- » Liv&Bo®
- » MyProject®
- » Newcential®
- » Oyanda®,
- » Passenger®
- » Spice & Soul®
- » SWITCH ON®
- » Talentus®
- » Townland®

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

### Countryside

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

### Kidland

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

### Kuniboo

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

### bevola

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

For more information on Kaufland's private label products, access [www.kaufland.md](http://www.kaufland.md), Assortment section.

## Committed to offering a responsible assortment

The impact that we generate through our activity goes beyond our stores and logistic centers, from the farmers that produce the ingredients in our products, to the end of the product's life. That is why, we aim to offer our customers products that comply with the highest social and environmental

standards. For that, labels and certifications play an important role, helping us to highlight the impact of the product, while guiding costumers to make informed, but easy choices.

Our portfolio includes a wide range of certified products, similar to the ones listed next:

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

+ More at: [www.asc-aqua.org](http://www.asc-aqua.org)

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

+ More at: [www.blauer-engel.de/en](http://www.blauer-engel.de/en)

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

+ More at: [www.cottonmadeinafrica.org](http://www.cottonmadeinafrica.org)

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

+ More at: [BMEL - Ökologischer Landbau - EU-Bio-Logo](http://BMEL - Ökologischer Landbau - EU-Bio-Logo)

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

+ More at: [www.ecolabel.eu](http://www.ecolabel.eu)



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

+ More at: [www.fairtrade.net](http://www.fairtrade.net)

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

+ More at: [www.fairtrade.net](http://www.fairtrade.net)

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

+ More at: [www.fsc.org](http://www.fsc.org)

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

+ More at: [www.global-standard.org](http://www.global-standard.org)

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

+ More at: [www.textileexchange.org](http://www.textileexchange.org)





**Better for Our Consumers**

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

+ More at: [www.msc.org](http://www.msc.org)



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

+ More at: [www.textileexchange.org](http://www.textileexchange.org)



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

+ More at: [www.og-info.org](http://www.og-info.org)



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

+ More at: [www.rainforest-alliance.org](http://www.rainforest-alliance.org)



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

+ More at: [www.savedolphins.eii.org/campaigns/dsf](http://www.savedolphins.eii.org/campaigns/dsf)



The **UTZ** logo is awarded to sustainably produced coffee and tea. UTZ's mission is to create a world where sustainable production is the norm. The UTZ certification program is now part of the Rainforest Alliance.

+ More at: [www.utz.org](http://www.utz.org)



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

+ More at: [www.v-label.eu](http://www.v-label.eu)



**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 at: [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 at: [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 at: [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 at: [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 minimized.

+ More at: [www.msc.org](http://www.msc.org)

**Microplastics**

By the end of 2021, we aimed to adapt the formulas of all own-brand products in cosmetic and body care, detergents and cleaning products, including car care, and to renounce the use of microplastics and non-biodegradable purely synthetic polymers, provided that this does not significantly affect the performance or the safety of the product\*. Due to the challenges related to some of the product recipes, the associated properties, and the availability of appropriate raw materials, we were unable to launch all of our planned novelties by the end of 2021. We work closely with our suppliers on further developments, some of which must first be developed on the market. We label our packaging with the "Microplastic Free Formula" logo to transparently communicate to our customers that we do not use microplastics in our product formulations\*.

+ More at: [www.Kaufland.com/microplastic](http://www.Kaufland.com/microplastic)

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

Certified products in 2021	Private label	Other	Total certified articles
Fairtrade	81	7	<b>88</b>
Organic	80	111	<b>191</b>
FSC® (food)	11	2	<b>13</b>
FSC® (non-food)	25	2	<b>27</b>
Rainforest Alliance	28	0	<b>28</b>
UTZ	37	12	<b>49</b>
Sustainable fishing	14	0	<b>14</b>
Sustainable cocoa	63	0	<b>63</b>
Sustainable coffee	24	4	<b>28</b>
Sustainable tea	0	4	<b>4</b>
Sustainable eggs	0	3	<b>3</b>
GOTS	215	1	<b>216</b>
<b>TOTAL*</b>	<b>578</b>	<b>146</b>	<b>724</b>

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





# Marketing and labelling

Clear communication and labelling are essential aspects for our business, as we need our customers to make informed decisions and choose the products that are most suitable for their need, diet and lifestyle.

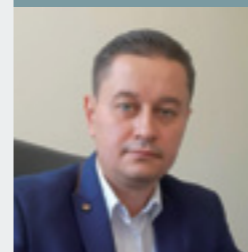
Product labelling is a process regulated by specific legislation for each product category: food, cosmetics, detergents, toys etc.

**Nutrition facts:** Where the legal requirements state so, our products offer a short presentation of the most important nutritional information, such as calories per 100 g and 100 ml.

**Detailed information regarding ingredients:** We see transparency and safety as very valuable. We offer clients information about the ingredients of all K-Classic products, clearly communicating about ingredients.

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

## FEEDBACK FROM OUR STAKEHOLDERS



**Alexei Mocanu**  
Commercial Director,  
Radacini

**When it comes to sustainability, what do you think are the main topics that Kaufland Moldova successfully addresses in its relationship with you?**

We appreciate the company's approach in terms of efforts made to maintain a clean and comfortable living environment, the principles that it encompasses regarding the reduction of plastic packaging materials and the creation of mechanisms for recycling plastic materials. We also appreciate that in addition to social projects and involvement in society, the company resonates and has implemented an entire infrastructure within its stores. We also observe this direction of social responsibility and environmental protection implemented in the company's business operations, and the fact that these values and principles are communicated to local suppliers as well.

An example worth following is the integration of commercial offers with discounts for those clients that choose to protect the environment and recycle packaging materials at recycling machines. It is a campaign that aims to increase customer awareness, but it is also about developing a culture regarding the separate collection of recyclable materials.

**What are the main sustainability topics that Kaufland Moldova should invest more in, from your perspective?**

It is obvious that the promotional campaigns carried out in the stores of the Kaufland network need different promotional material. Keeping in mind that we live in a digital age, the biggest focus should be on digitization and efficiency.





A close-up photograph of two hands, palms up, holding a cluster of small, round, red berries. The berries are vibrant red with some yellowish-orange highlights, suggesting they might be cherry tomatoes or similar small fruits. The hands are weathered and have a warm, brownish tone. The background is blurred, showing green foliage. A solid red vertical bar is on the left side of the image.

# Our Value Chain



# Our Value Chain

An important aspect to building relationships with our partners is sharing values, transparency and taking both environmental and social responsibility.

Our expectations in the relationship with partners are reflected in the provisions of the Kaufland Code of Conduct regarding social and environmental standards for business partners, which they undertake and sign at the beginning of any collaboration. When listing, all company suppliers confirm that they have read the provisions of our [Code of conduct for business partners](#) 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 making sure that in all employee relationships, equal opportunity and equity are ensured;
- Forbidding forced labor and all employee relations where work is forced through coercion or threat, such as slavery;
- Zero tolerance for child labor – strictly following national legislation in force regarding child and young employee protection;
- Freedom of association and collective bargaining – disciplinary actions against employees who use their right to associate in a peaceful, legal way are not allowed;



- Respecting national provisions and industrial standards regarding working hours and employment agreements;
- The business partner must ensure that the workplace does not endanger employee health and safety, by establishing and implementing clear rules and procedures concerning labor safety and by periodically informing and training employees;
- Strictly following national legislation regarding environmental protection, especially that concerning waste, hazardous chemical substances, greenhouse gas emissions and water pollution;
- Any kind of corruption, bribery or embezzlement is strictly forbidden, the business partner being responsible for ensuring that such incidents do not happen, through appropriate control systems.

Our business partners must ensure that the basic principles defined by the Code of 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.



# Support for Local Suppliers

Supporting local producers is a priority in our purchasing policy and it is our goal to create a cycle of local support.

Therefore, whenever possible, they are our first choice for fresh and diverse products that satisfy the requirements of our consumers.

Also, our goal is for them to benefit from greater predictability of the areas cultivated in relation to the quantities produced that will be delivered.



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



## Number of suppliers

## Supplier expenditures

million EUR

### Suppliers for stores

Local	161	138,286.79
International	891	196,860.48
<b>Total</b>	<b>1,052</b>	<b>335,147.27</b>

### Services and administrative suppliers

Local	151	247,543.24
International	82	184,586.85
<b>Total</b>	<b>233</b>	<b>435,130.09</b>

### Total

Local	312	385,830.03
International	973	381,447.33
<b>Total</b>	<b>1,285</b>	<b>767,277.36</b>

During the pandemic, Kaufland Moldova launched the "Fresh from home. Made in Moldova" campaign, aiming to support and promote local producers. The campaign is a thank-you gesture to local producers, who continued to supply products to Kaufland customers, regardless of the challenges and unpredictability caused by the COVID-19 pandemic.

Kaufland's procurement policy stands for transparency, ethics and fairness, aspects that characterise Kaufland's entire business model.

The partnerships developed with suppliers follow a code of conduct, based on compliance with the legislation in force, while incorporating the international standards and directives in force.

At the same time, Kaufland supported a series of events for local producers and suppliers. At the "Farmers' Gala" awards were presented to farmers who had achieved significant results during the year. This event encourages innovation and creates an environment that inspires creativity and the sharing of best practices.

Local suppliers = suppliers based in The Republic of Moldova



# 02 Better for Our People



# Better for Our People

Long-term relations are built with trust, respect, communication, and reciprocation.

We have always been a pioneer in creating ways for our team to achieve performance, be recognized, while ensuring work-life balance.

We provide a safe working environment and best conditions for our team members, and we encourage feedback so that they know we value their opinion, and we can improve the ways in which we conduct our business.

**742**  
employees



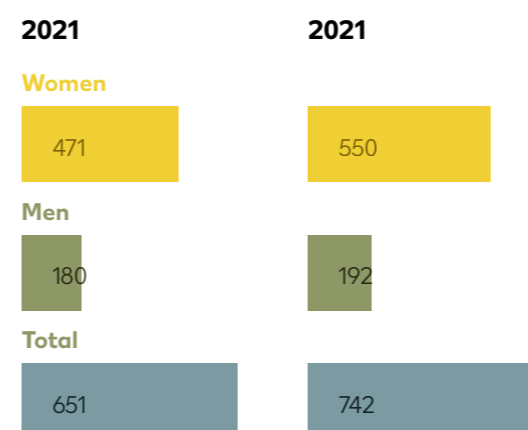
**74.1%**  
women

**25.9%**  
men

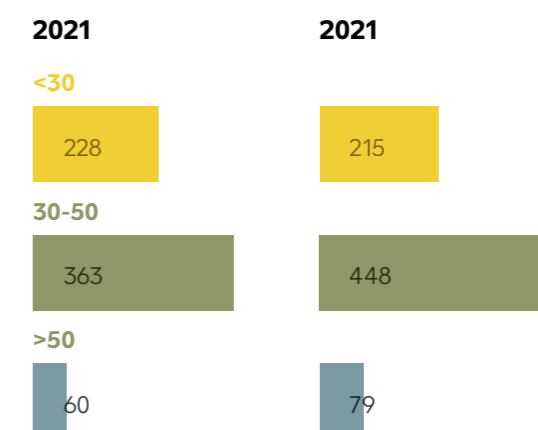
EMPLOYEES BY GENDER	2020	2021
Women	471	550
Men	180	192
<b>Total</b>	<b>651</b>	<b>742</b>

EMPLOYEES BY AGE	2020	2021
<30	228	215
30-50	363	448
>50	60	79

Employees by gender



Employees by age



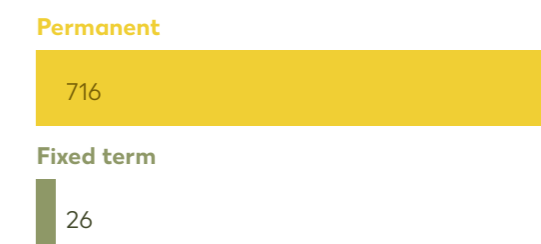
EMPLOYEES BY WORKING HOURS	At 28 <sup>th</sup> of February 2022		
	Men	Women	Total
Full-time	179	444	<b>623</b>
Part-time	13	106	<b>119</b>

Employees by working hours



EMPLOYEES BY CONTRACT TYPE	At 28 <sup>th</sup> of February 2022		
	Men	Women	Total
Permanent	186	530	<b>716</b>
Fixed term	6	20	<b>26</b>

Employees by contract type



Average age of our employees:

**36.4**  
in 2021



**New employees hires & employee turnover**

CATEGORY	2021			
	New employee hires		Employee turnover	
	No.	Rate (%)	No.	Rate (%)
<b>GENDER</b>				
Women	245		158	
Men	104	52.9	95	38.4
<b>Total</b>	<b>349</b>		<b>253</b>	
<b>AGE*</b>				
<30	118		107	
30-50	199	52.9	118	38.4
>50	32		28	
<b>Total</b>	<b>349</b>		<b>253</b>	
<b>LOCATION</b>				
Magazine	336		245	
Sfatul Țării	13	52.9	8	38.4
<b>Total</b>	<b>349</b>		<b>253</b>	

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

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

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

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

**Average number of employees during the financial year 2021:**  
**659**







# Investing in Our Employees





# Investing in Our Employees

Investing in our employees means investing in the future of the company.

We recognize that our team is the engine of our activity, and therefore we aim to create a well-balanced work environment that promotes the culture of dialog and transparency.

We want to make sure that our team understands and shares our values, as this is essential for healthy work relationships and the success of our company.



# Benefits

## Our leadership model - the promise to our employees



Clear communication and guidance



Daily accountability and role modeling



Performance and dynamism



Fairness and trust



Developing and identifying potential in our employees



## Package of benefits:

- + Meal vouchers to all Kaufland employees. Each employee benefits from a meal ticket bank card, which is loaded monthly, depending on the norm and the number of hours worked. For employees with a work schedule equal to or greater than 6 hours, the amount related to the meal vouchers will be charged to the meal voucher bank card, and for employees with a work schedule less than 6 hours, the amount related to the meal vouchers is loaded on the Kaufland employee voucher.
- + Life insurance is granted for employees who hold the position of specialist and above.
- + Support in case of personal events (marriage, birth, death, social benefits, etc.) - material aid is granted to every employee that has one of the following events: birth/ adoption of a child, marriage, the death of a first degree relative (parents, child), support for the family in the event of the death of a Kaufland employee. Childbirth/ adoption and marriage allowances are granted to all employees with 12 months or more of seniority.
- + Social benefits are also granted for the children of our employees, up to the age of 14, including June 1<sup>st</sup> and Christmas and to all our employees during the holidays or other special events (Easter, Christmas, Bevola products package for the birth of a child).
- + Private health insurance - the monthly insurance payment is partly covered by the employee and partly by the employer, depending on the employee category and its seniority in the company. The employee can choose between 2 groups, the second group additionally including dental services and medicines with the prescription of the specialist doctor.
- + Additional days off (granted for people with disabilities, for marriage, death, birth, for parents who have children in first and second grade, for changing residence, for blood donors, for vaccinations).

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

- + Bonus for overtime: 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 50% applied to the basic salary for every hour and minute worked at night, between 10:00 pm and 06:00 am
- + Bonus for working in a free day: bonus of 100% applied to the basic salary for every hour and minute worked in a free day

In 2021, other benefits that we offer to our employees included: kindergarten/first class school bags, discounts and preferential prices for car wash services, medical services, baby products, financial education courses, anniversary payments (for recognition of uninterrupted membership in the company at 10 years, 25 years, 40 years).

**All our employees receive our benefits package, no matter the type of contract or working hours, the only differentiation being made in regard to its seniority or employee category.**

+

# ~12,8 mil. MDL

was the total value of benefits offered to our employees in 2021.

## Employees well-being

Within the company, we offer employees a calendar with tips for a healthy lifestyle: useful nutrition tips, physical exercises, recommendations for a balanced lifestyle and breathing techniques.

During the pandemic period, we also offered moral and emotional support to employees who went through the disease with the help of the employee advisor.

The Employee Advisor is the neutral discussion partner on topics related to teamwork, company values, personnel issues or other topics important to the employee.



## Training and development

Making sure that our employees are equipped with all of the necessary skills and knowledge to conduct their day-to-day activities effectively is essential to our business. This helps us to improve productivity, increase efficiency and empower our employees to be accountable and responsible in their workplace.

We invest in offering new development programs for our colleagues giving them access to various trainings and education options, depending on the area of expertise and responsibilities of the function.

**Hours of training (including online and onboarding training)/ employee category/gender**

CATEGORY	Women	Men
Non-management	32,468.56	9,704.67
Management	1,437.20	656.90
Executive management	0	6
Top management	27.37	0.84

## Talent Management

The Talent Management process represents the feedback process that takes place annually and addresses all our employees. The manager evaluates a set of employee behaviors and performance. In the actual feedback discussion, the employee and the manager discuss their points of view and establish a development plan for the employee. The employee also can provide feedback to the manager regarding his management style. Within this annual process, the employees with development and promotion potential are identified.

The Talent Management process took place in 2021 in both electronic format and in face-to-face discussions. Out of the total of 363 forms registered, 331 were conducted on paper, with the employees, and 32 were conducted online.





# Committed to Diversity



# Committed to Diversity

The contributions and perspectives of different groups of people are a great opportunity to grow the business and develop cohesive teams.

We strive to have diverse and inclusive workplaces and we maximize the potential of every person in our team, while offering equal treatment and equal pay.

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

We are committed to strengthen the initiative to make diversity, equal opportunities and social inclusion recognized and respected values both within the company and within the society.

WOMEN IN MANAGEMENT	2020	2021
Percentage of women in management	21.9%	40.4%
Percentage of men in management	78.1%	59.6%

MANAGEMENT POSITIONS BY AGE	2020	2021
<30	15.6%	17.8%
30-50	84.4%	82.2%
>50	0	0

Direct or indirect discrimination against an employee or a candidate for vacant posts, based on the criteria of sex, age, race, skin color, ethnicity, religion, political option, social origin, residence, disability, HIV/AIDS infection, membership or trade union activity and on other criteria not related to professional competences, are forbidden.

We make sure that all forms of discrimination are eliminated through concrete actions, guided by our principles and our values:

- prevention of any discrimination by introducing special measures for the protection of disadvantaged persons not benefiting from equal opportunities.
- mediation by amicable settlement of employees' grievances as mandatory procedure prior to the lawsuit.
- sanction of discriminatory behavior as a not tolerated behavior.

All employees take an online course (through the training platform) on general legislation on prevention of all forms of discrimination and then take it again every 2 years from the previous completion date.

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

## Remuneration policy

Our employees are remunerated in a differentiated manner, based on a salary matrix with multiple, predefined steps, depending on certain periods of time and the position the employee is covering. All aspects related to remuneration are listed in the individual employment contract.

One of our basic and central principles: every minute worked is recorded and remunerated as such. All the working hours registered by the employee are processed, and based on that, the monthly income for each employee is calculated.

We make every effort so that for the same amount of work performed by employees that occupy the same position, the salary is uniform.

When determining individual salaries, we take into account aspects such as:

- » the type and importance of the work performed;
- » competence and professional skills;
- » degree of autonomy, responsibility, and initiative;

In 2021, the company did not register any confirmed incidents of discrimination.

We provide online trainings so that we raise awareness of discrimination at work and help employees understand their rights. We also seek to help them implement the best practices and create a positive and inclusive work environment, while meeting all the legal requirements. Our training "General legislation on the prevention of all forms of discrimination" provides useful information and advice on how to deal with discrimination in the workplace including how to prevent it.

PROGRAM	Women	Men
General legislation on the prevention of all forms of discrimination	230	72

EMPLOYEES WITH DISABILITIES	Women	Men
Non-management	3	0

- » the required level of training and knowledge and the job requirements;
- » the duties and responsibilities held;
- » the social importance of the work performed in relation to other branches of the national economy;
- » average salary levels, in similar branches, in economies with a similar stage of development;
- » the economic context and market conditions in which the company operates.

Employees can address questions, objections, and complaints regarding the salary calculation directly to the referent or the human resources department. For cases where employees believe that there are inaccuracies regarding the salary calculation, they are offered the possibility to consult the referent or the human resources department, the store manager, the regional sales director or simply use the internal telephone line. In this case, the human resources department checks the situation and informs the employee about the result of the verification and, in the case of a well-founded complaint, provides the necessary support.



# Occupational Health and Safety



# Occupational Health and Safety



Fostering a safe work environment is crucial to us, as we want our employees to be protected from any possible accidents, injuries or exposure to harmful situations.

Kaufland Moldova is advised by an external prevention and protection service in accordance with national legal requirements for occupational health and safety.

The external service:

- » supports the risk assessment identification and reviews the process,
- » drafts and reviews health and safety instructions to implement and/ or apply legal requirements
- » elaborates training topics for workers in the field of occupational health and safety,
- » investigates incidents in coordination with the legal competences.
- » conducts and documents inspections.

The occupational health and safety management system was implemented in accordance with the legislative requirements of the Occupational Health and Safety Law LP186/2008.

## Identifying and assessing occupational health and safety risks

Identifying and assessing occupational health and safety risks is mandatory in accordance with Occupational Health and Safety Law and is done for each component of the work system, i.e. worker, task, equipment and working environment. Risk assessment is done using 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 classification, prevention and protection measures are prioritised.

Risks are reviewed, as a rule, when new work equipment is introduced, after an incident, when identifying new risks, not considered before, and in other cases provided for by law. Prevention and protection measures are documented in the prevention and protection plan.

To control the effectiveness of the protective measures and to eliminate risks, preventive workplace inspections are carried out and the unit managers are informed of any deficiencies found.



## Reporting hazards

Any worker can report any hazard/situation dangerous to their health and safety to their direct supervisor.

The contact details of the occupational health and safety specialists appointed for the store in question are also posted on the notice board.

Workers can also privately report any concerns to dedicated employees who act as "Employee Advisors".

At Kaufland level, an internal instruction is in place for situations that may put the life and health of workers at risk in the event of serious and imminent danger. According to the legal provisions, serious and imminent danger can be detected, by any worker in the company. The main measures to be taken in such circumstances are to stop the equipment, evacuate the personnel, notify the specialized services, notify the hierarchical managers and eliminate the hazard. Also, for such emergency cases, workplace managers are provided with a guide for exceptional emergency cases describing the main measures for personnel rescue, contact details for specialized emergency services, operational procedures for reporting serious and imminent danger.

Potential hazards identified:

- » Incorrect use of lifting equipment
- » Failure to use protective equipment
- » Failure to comply with safety measures for handling chemicals
- » Negligence/carelessness while travelling

Measures:

- » The store manager/ deputy/ department head to act immediately when observing employees operating work equipment improperly or performing inappropriate activities in terms of occupational safety and health
- » Emphasis on practical on-the-job training, both periodically and especially on hiring
- » Debriefing after a work-related accident



## Investigating work accidents

Employees are instructed to inform their direct supervisor about any accident they sustain. The first step when investigating work-related accidents is to report the event to the State Labour Inspectorate. In such situations, an investigation committee is set up, which includes the external occupational health and safety specialist. The stages of investigation of work accidents are provided for in the methodological rules for the application of the law on occupational health and safety and include the collection and analysis of relevant information about the injured person, the equipment involved, the work process and others, the conclusions being recorded in the event investigation report. 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 leading to its occurrence, the persons responsible and the measures to prevent similar events are established.

After completion of the case file, the investigation report is sent to the State Labour Inspectorate. The investigation file is sent to the Human Resources Department, which will archive it.

The external prevention and protection service will review the risk assessment and the prevention and protection plan if the risk has not been identified.

In 2021, a total number of 8 work accidents with one lost day or more took place.

## Engaging with employees on OHS topics

The working staff elect workers representatives for each site. These representatives are trained in health and safety and are also obliged to support health and safety.

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

**Rate of recordable work-related injuries = 6.35 2021**

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).



### Accident data of employee injuries

	2021
fatalities	0
serious accidents <sup>1</sup>	0
lost time accidents <sup>2</sup>	8
total hours worked [hr]	1,259,275
Accident Rate <sup>3</sup>	6,35

1) Accidents resulting in a lost time more than 180 days.  
2) Lost time accidents (LTA) are working accidents resulting in a lost time ≥ 1 day (the accident day is not considered)  
3) Lost Time Frequency Rate are the number of LTA per 1 million working hours

They are involved in the decision-making process for Health and Safety activities and attend in the safety committees.

## Occupational Health and Safety Committee

Within Kaufland there is an occupational health and safety committee, consisting of workers' representatives and employer representatives. The main duties of the occupational health and safety committee include, among others, analyzing and making proposals for the occupational health and safety policy, making proposals for the layout of workplaces, reporting on work-related accidents, the main equipment involved and their causes, and making recommendations on work equipment and personal protective equipment.

The prevention and protection plans are discussed annually in the Occupational health and safety committee.

## Access to other medical services

Each employee benefits from medical examination at the time of employment, as well as periodically (depending on working conditions and risk factors).

All Kaufland employees travelling abroad are covered by a medical insurance plan. The insurance is valid for business trips abroad for up to 180 days. Abroad means any country in which the employee is not employed. The insurer covers the necessary outpatient or in-patient medical care provided to an insured person abroad in the event of illness or accident.

Kaufland also offers voluntary health insurance for the employee and family members. Each employee can choose their health insurance according to two insurance groups. The company covers a monthly co-payment, which varies according to seniority in the company.

In addition, employees and their family members can benefit from special discounts on medical investigations and consultations at the Novamed Multipurpose Hospital.

## OHS Trainings

Occupational health and safety training comprises three stages:

- » general introductory training
- » on-the-job training
- » periodic training

Training of workers is done during working hours provided by the employer.

Kaufland has developed computer-assisted training programs for occupational health and safety as well as for other training purposes.

Within the computer-assisted programs, situations, equipment, workplace risks and preventive and protective measures are presented. The effectiveness of the training and the workers' understanding of the materials are assessed by tests, both during the program and at the end of the training session.

The language used is simple, concise and situations are exemplified with suggestive visuals.

All employees in stores and administrative offices attend computer-assisted training.

## Encouraging a healthy lifestyle

We encourage active living, sports, and movement. Kaufland employees can benefit from discounted workouts at one of the partner gyms. Within the company we provide employees with a calendar of healthy lifestyle tips: useful nutrition tips, exercise, balanced lifestyle recommendations and breathing techniques.

Services and programs access communication is carried out via the internal Connect platform for employees who have a nominal user, as well as at information boards for colleagues in the store who do not have a nominal user.

Also, on our YouTube channel, our colleagues can find unique recipes for healthy dishes.



# Protection against COVID-19

In 2021 we continued to increase the safety measures that aimed at protecting our people and customers against COVID-19.

We amplified our efforts to combat the pandemic, strengthening the actions taken in our stores to ensure a safe working environment for employees, which has always been a priority for the company.



## Measures in our stores

Within Kaufland Moldova, a crisis committee was established, which had the role of managing the situation and monitoring the application of the established measures.

In the context of the epidemiological situation and its evolution, we announced new protection measures for customers and employees.

- » Protective windows have been installed at the cash registers and at the Info desks. The surfaces were constantly disinfected, and at the cash registers the recommendation for customers to pay by card or phone was displayed, for greater safety.
- » The rest and the tax receipt were placed directly on the furniture of the cash register, and employees were advised to wear gloves.
- » At the cash registers, bakery and assisted display, red delimiting strips have been placed, at a distance of at least one meter from each other, which aimed to help customers keep the recommended distance.
- » At the fruit and vegetable section, customers were required to use disposable gloves.
- » In case of excessive crowding, access to customers was done in small groups.
- » Several times a day, in stores, all surfaces frequently used by customers and colleagues and objects of common use were disinfected, such as shopping carts, hand baskets, handles, doorknobs, railings, scales from Fruits-Vegetables, tongs from bakery, cash registers, house furniture and Information Office, elevator buttons, escalators.
- » All stores were equipped with free hand sanitizer for both customers and colleagues. In the toilets there was soap containing disinfectant.
- » Per the recommendation of the authorities, the activity of the grill and the food court area was suspended for a determined period.

## Protecting our people

We made available a special telephone line, for our employees to be able to receive the correct and complete information regarding the evolution of the COVID-19 context, while we made sure that our stores were constantly supplied with the necessary protective goods.

We made rapid COVID-19 tests available to all employees in our stores and headquarters, tests that could be performed weekly. We have also made masks free for all employees and we provided disinfectants and pulse oximeters (if necessary). This decision benefited both our employees, as well as our customers, who benefited from an even safer place to shop.

At the same time, employees who got vaccinated had the opportunity to get paid for one free day, after the final dose of the vaccine.

## Vaccination campaign

Chisinau City Hall, in partnership with Kaufland Moldova, carried out the campaign to promote immunization against COVID-19 - "A small gesture with a big impact". The vaccination caravan took place over several weekends, in the parking lots of Kaufland stores in the Capital.

As a sign of recognition to the people who chose to be vaccinated during this period, Kaufland Moldova offered a voucher for a 20% discount on the shopping basket, a juice and a snack at the cash registers.





# 03 Better for Our Communities



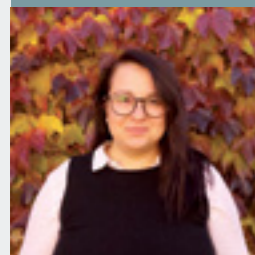
# Our Impact



# Our Impact

We strongly believe that the success of our company is influenced by the strength and well-being of the communities that surround us.

That is why we took a commitment to become and remain a trusted partner for the civil society and the non-governmental actors that place all their efforts on building a better tomorrow for the people.



**Ana Gherciu**  
Director Moldova.org

## FEEDBACK FROM OUR STAKEHOLDERS

**When it comes to sustainability, what do you think are the main topics that Kaufland Moldova successfully addresses in its relationship with you?**

Probably the most noticeable and valued effort of Kaufland Moldova in this regard is the fight against food waste and the partnership with the Food Bank. I appreciate the accessible approach, connected to the realities of the Republic of Moldova, namely by drawing attention to the importance of respect for food, economic resources, and the environment.

It is important that social responsibility actions are primarily done to benefit those who, due to social vulnerabilities, do not have access to the products on the Kaufland shelves. Furthermore, as a sustainability advocate, Kaufland communicates these messages through a very diverse range of channels, thus increasing the message's grip in society.

**What are the main sustainability topics that Kaufland Moldova should invest more in, from your perspective?**

To ensure message credibility, an important step would be to move away from print promotional materials that are distributed in potential customers' mailboxes, in favor of developing an online store and the Kaufland mobile app.

As for the relationship between the organization I represent and Kaufland Moldova, we hope to continue our beautiful collaboration so far, especially following the exemplary support/ sponsorship of non-commercial journalistic projects such as Moldova.org's "People" magazine. Partnering with responsible media institutions promoting the same values is vital for a healthy society, where currently most commercial companies have neither the resources, nor the understanding of the importance of social responsibility actions.



"Our Actions Do the Talking", our CSR strategy, launched in 2018, covers our social responsibility actions and community investments.

The strategy describes how we approach and implement projects and measures to achieve our commitments to our partners and our communities: always driven, ready to help and make our contribution. This attitude guides and encourages each team member to participate through action to the sustainable development of the company and of the community at large as any commitment can make a difference.

The areas in which we invest as a priority are:

- Education
- Ecology
- Social Involvement
- Culture
- Sports & Health

In 2021:



we invested **>2.44 mil. Moldovan lei** in projects for our community



we supported **10 projects**



we worked with **6 partners**



to provide support for **>13,000 beneficiaries**



# Flagship Projects





Partner NGO:  
**Theatre Center from Moldova**

# Alone at Home

Emigration is a well-known phenomenon for many families in Moldova. To support the social inclusion of children whose parents have emigrated abroad, the Theatre Center from Moldova under the patronage of the Ministry of Education, Culture and Research and with the support of Kaufland Moldova, organized the "Alone at Home" socio-cultural project.

The Theatre Center from Moldova, together with Kaufland Moldova, **supports the development of young people through cultural activities and addressing migration, in order to raise public awareness of the phenomenon.**

The project consisted of 3 stages: During the first stage, an essay competition on the subject of migration was organized. Children and teenagers from the northern region of the country, from the Riscani district, competed in the campaign. Following the competition, **24 young winners** were chosen. The participants whose essays were selected moved on to the second stage, attending the Literary Workshop. During the workshop they met with well-known personalities in the field of literature and psychologists. The final stage saw the whole project team working on a theatric performance - "Alone at Home".

The project will end with the broadcasting of a **documentary film** to bring the migration phenomenon and its consequences to the spotlight.



+ You can find more information about the project [here](#)

Partner NGO:  
**The Association of International Volunteering from Moldova (AVI-MD)**

# Involvement through recycling

AVI Moldova, in partnership with Kaufland Moldova initiated the "Commitment through recycling" campaign, which aimed to **raise awareness of the benefits and opportunities for recycling, reuse and reduction of paper consumption.** To this end, the organizers set out to place special boxes for paper collection in the parking lots of Kaufland stores in the Botanica and Ciocana sectors. The collected paper was picked up by a specialized company and transported to a recycling center.

At the same time, organizers decided to engage young people in the campaign, through a drawing competition - **"3R Talents: Reduce. Reuse. Recycle."** The top drawings were displayed in Kaufland stores for a week where the public had the opportunity to vote for the best one.

The work that received the most votes from the public was printed on notebooks made from recycled paper. The notebooks were then donated to educational institutions in Chisinau.



+ You can find more information about the project [here](#)



Partner NGO:  
**Social Mission Religious Institution  
"Diaconia" of the Basarabia Metropolitanate**

# Food Bank Projects



Kaufland Moldova continues the collaboration with the Food Bank in 2021. The partnership centers on the **recovery of food products from the national Kaufland network**, tested in 2020, as an innovative mechanism for the Republic of Moldova. The project is aimed at collecting, storing and distributing food products removed from the commercial circuit to socially vulnerable individuals and families, non-governmental organizations, canteens and social centers.

Kaufland Moldova together with the Food Bank analyze and announce the 2021 totals under the food waste reduction partnership. As a result, **more than 70 tons of products, worth about 1.2 million lei, were recovered** from the Kaufland store network. Food items consisting of 140,000 servings of hot meals reached over 3,500 beneficiaries through 48 non-governmental organizations.

On November 27, we took part in the food collection in one of the three Kaufland stores in Chisinau or in the region (Balti and Ungheni). The donated products were distributed to socially vulnerable people, registered with several social organizations, assisted by the Food Bank.

Due to the involvement and solidarity of thousands of customers, **about 3,700 kg of food items were collected, which became 7,400 servings of hot meals for the beneficiaries of several NGOs, elderly homes and social services in the country.**



+ You can find more information about the project [here](#)

Partner NGO:  
**Moldovan National Youth Orchestra**

# „LaLa Play” Musical Expedition



**For 7 days, 25 musicians travelled more than 2,000 km to 15 destinations across the country, bringing 1,000 minutes of live music to 2,500 spectators.** These are the key figures of the "La La Play 2021" expedition, carried out during August 15-22 by the Moldovan National Youth Orchestra with the support of Kaufland Moldova.

The message of the fifth edition of the "La La Play" expedition - **Come back to what you love** - aimed to bring back the joy of listening to live music and socializing in cultural events. At the same time, **more than 50,000 online viewers** had the opportunity to join these talented young people through the [Privesc.eu platform](#).



+ You can find more information about the project [here](#)



Partner NGO:  
The Moldova Project

# The Moldova Project initiatives

## Helping during Easter

We brought some joy to **more than 100 socially vulnerable families** in the Republic of Moldova during the Easter holidays as part of the "Easter Help" campaign, initiated by The Moldova Project Public Association, with the support of Kaufland Moldova.

The "Helping during Easter" campaign reached **23 villages** in the districts of Hincesti, Anenii Noi and Criuleni. During the campaign, about 500 children and their families received Easter joy and gifts.



## It's easy to be Santa

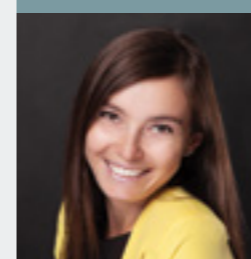
On the eve of the winter holidays, Kaufland Moldova together with The Moldova Project carried out the "It's easy to be Santa" campaign, through which they brought gifts and created memories for **over 400 children from socially vulnerable families**, through a collection in two of the Kaufland stores in Moldova.



+ You can find more information about the project [here](#)



## FEEDBACK FROM OUR STAKEHOLDERS



**Victoria Morozov**  
Founder & President of  
The Moldova Project

**When it comes to sustainability, what do you think are the main topics that Kaufland Moldova successfully addresses in its relationship with you?**

Throughout the collaboration we experienced understanding, responsiveness, a professional approach. Kaufland Moldova is one of the most reliable local partners and this is due to the serious and comprehensive approach they take for each social project. Kaufland collaborators actively participate in the implementation of certain activities, they observe the long-term impact of the jointly implemented projects.

The products offered by Kaufland Moldova are on the table of every beneficiary of The Moldova Project, and not only during the holidays.

We are flattered by the generosity of the company, by the promptness in making certain

decisions, by the truly sustainable nature of the joint projects. Together, day after day, we offer real and lasting support to socially vulnerable families in the country. Our cooperation is seamless, based on transparency, fairness, and respect.

**What are the main sustainability topics that Kaufland Moldova should invest more in, from your perspective?**

We are deeply grateful for all the projects we carried out so far and hope to continue working together to diversify the range of products and services offered to children from low-income families, Ukrainian refugees, and other vulnerable groups. We are open to starting projects of more than 12 months, coordinated in advance, and actively promoted through our media partners.



# 04 Better for the Environment



# Reducing Our Consumption



# Reducing Our Consumption

As customer needs and preferences change and increase, so does the consumption and together with it, the amount of waste that is produced by the retail industry.

We are aware that reducing the amount of waste we generate through our activities, as well as the packaging materials of our products, is essential when it comes to protecting the environment and its natural resources.

We constantly invest in measures to recover and recycle the waste generated, both from our internal activity (stores and headquarters) as well as from the packaging of our products.

WASTE GENERATED IN OPERATIONS	2020	2021
	tonnes	tonnes
Paper, carton, cardboard	478.3	639.2
Organic materials*	106.7	119.0
Empties plastics materials	4.6	7.5
Plastic materials	27.2	32.4
Wood materials	2.6	58.1
Glass materials	19.3	29.0
Scrap metal materials	14.7	16.8
Hazardous waste	4.6	3.1
Other non-hazardous waste	0.3	0.5
Residual waste	3,117	4,011
<b>Total</b>	<b>3,775.3</b>	<b>4,916.6</b>

\*includes bio packaging that we have in operations which cannot be separated from the goods.

### Total waste generated in operations

tonnes



WASTE MANAGEMENT	Diverted from disposal	Directed to disposal
	recycling, upcycling, composting, fermentation	incineration with/without energy recovery, landfilling
	tonnes	tonnes
Paper, carton, cardboard	639.2	-
Organic materials*	119.0	-
Empties plastics materials	7.5	-
Plastic materials	32.4	-
Wood materials	58.1	-
Glass materials	29.0	-
Scrap metal materials	16.8	-
Hazardous waste	3.1	-
Other non-hazardous waste	0.5	-
Residual waste	-	2,551
<b>Total</b>	<b>905.6</b>	<b>2,551</b>

The amount of waste generated increased, as our operations expanded in 2021 by opening new stores.




## Investment in local infrastructure: making recycling easier for our customers

### Collection machines

The "Our actions do that talking" motto extends to being a reliable partner in the matter of helping our clients have a more sustainable behavior. We are a responsible company and we know that, as a retailer, we have the responsibility for bringing plastic into the cycle and for the further use of it. For that, we need the support and involvement of our consumers in the collecting process.

We understand that recycling should be easy and accessible for everyone, and this is why we continue to invest and aim to further expand this project. Therefore, we started to install collection machines in our parking lots.

Through our collection system, we ensure that high-quality raw materials are recycled. In the recycling machines, customers can deposit plastic bottles, glass containers and aluminum cans for recycling and the self-service equipment will reward them with discount vouchers that can be used when shopping, printing a receipt for every five containers returned.

 In total, our customers helped us collect **335,770** recipients (PET, cans, glass) to be recycled.

The 2021 investments in collection infrastructures were directed towards the 2 new opened stores.

 At the end of 2021, **100% of our stores had in place collection machines and Broscuta Collection systems.**

At the same time, in September 2021, on the World Cleanup Day, we launched a campaign that encouraged our customers to bring their paper waste in the parking lots of our store. The paper was collected by a specialized company and directed to recycling.

### Broscuta (Sea Turtle) Collection systems

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 and any harmful substances they may contain are properly disposed, to help protect the environment. Our goal is to become the most accessible and convenient destination for recycling and to reward responsible behavior.

Special turtle-shaped boxes are placed and signaled 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.

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 total value of investment for the two projects was **~708,000 MDL.**

Note: or the equivalent of 166,470 Romanian lei, at a rate of 1 RON = 4.2530 MDL

# Tackling Food Waste

We focus on supporting, developing, and implementing systems that help monitor and manage resource production in a sustainable manner.

Food waste is a concern for us and we aim towards minimizing the quantity of food that is wasted from our suppliers, to our warehouses and in stores or to our customers.

In November 2021, we launched the first integrated anti-food waste campaign - "Atenție Delicios" (Attention Delicious). The initiative is part of the company's strategy, which aims to reduce food waste in all stores by up to 50% by 2030 and increase consumer awareness. In addition, we also joined the Food Bank's "National Campaign to Prevent Food Waste and Hunger".

We support the local community through the Food Bank and constantly implement waste avoidance projects in each of our stores so that food goes on the table and not in the bin.

Between March and August 2021, Kaufland Moldova, in partnership with the Food Bank, recovered in this way over 32,505 kg of food products, worth 900,000 MDL. The products went to around 45 organizations, which supported over 2,600 beneficiaries, preparing over 65,000 food portions for those in need.

The second part of the campaign took place in December 2021, when we collected 3,700 kg of products that were turned in 7,400 food portions, donated to various NGOs, elderly homes and social places in the country.



When it comes to tackling food waste, our main directions of action are:

## reduce

When the products approach their expiry date, we reduce their price, then they are then clearly marked and placed appropriately in our stores, so that consumers know where to find them. We keep daily price lists for our vegetables and fruit so it allows us to adjust and reduce prices depending on the time of day. We also carry produce in bulk, so that clients can only buy fruit and vegetables in the quantities they need.

## avoid

Due to our inventory management systems and automated processes, we can order only the quantities we need, thus preventing excess stock going to landfill.

In our bakery departments, only standard products are baked shortly before closing time.

We are also constantly analysing and adjusting our logistics processes, so we can better measure food waste and better coordinate food donations. For example, by optimising pallets, we prevent pallet shrinkage and product spoilage.

## educate

As part of the mandatory periodic training, Kaufland Moldova employees acquire the necessary knowledge about reducing product losses while respecting freshness and hygiene standards.

## use efficiently and recover

We donate to the Diaconia Food Bank food products that can no longer be sold but can still be consumed. These are then distributed to socially vulnerable individuals and families, NGOs, canteens and social centres.



### FEEDBACK FROM OUR STAKEHOLDERS



**Oleg Paraschiv**  
Director of The  
Moldova Food Bank

**When it comes to sustainability, what do you think are the main topics that Kaufland Moldova successfully addresses in its relationship with you?**

In the current social and economic context, both in Moldova and around the world, preventing food waste should certainly be part of the approach of any processor and operator in the agri-food chain. Thanks to the experience of the Food Bank we can say that Kaufland is a pioneer in the Republic of Moldova in this field. Both by experimenting with the practical mechanism of recovering products in partnership with us, and by changing behavior, through involvement in educational programs, as a multiplier effect.

The team's involvement is a worthy example for the business community to follow and a long-term investment in the life of the community. Kaufland's approach is not an advertising one, in the sense of it being done for the sake of public appearances, but from our "in-house knowledge" we can testify that it is based on a mission focused on sustainability.

Over time, we have managed to build trusting relationships that ultimately benefit everyone involved. Thanks to the fact that we have constantly analyzed together the successes, but above all the shortcomings of the recovery process, we can today speak of a qualitative and quantitative evolution, a constant progress. Another example is our collaboration in emergency situations such as the pandemic or the refugee crisis, when we were recommended as a response mechanism to prevent waste.

**What are the main sustainability topics that Kaufland Moldova should invest more in, from your perspective?**

Kaufland Moldova should continue to invest in innovation: use of mechanisms that facilitate recovery, but that will probably happen with the approval and implementation of the anti-waste legislative mechanism. In this endeavor, when traditional logistical mechanisms are less and less efficient, digitization should shorten processing times for information about products that are at risk of being removed from human consumption.



# Energy Efficiency



# Energy Consumption and Emissions

Our operations require a significant use of energy. As energy production sector is one of the main contributors to the climate change crisis.

To reduce our carbon footprint, it's essential for us to implement best practices when it comes to energy management. From the refrigerators to the lightning systems that we use, we strive to bring the latest technologies in our stores, to recover residual heat and thus reduce the impact we generate by our activities.

## Energy consumption

### Fuel consumption

FUEL TYPE	2020		2021	
	L	MWh	L	MWh
Gasoline	12,954.4	124.2	13,780	132.1
Diesel	43,207.7	456.3	61,322.2	647.6
<b>Total</b>	<b>56,162.1</b>	<b>580.5</b>	<b>75,102.2</b>	<b>779.7</b>

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

### Total fuel consumption

MWh



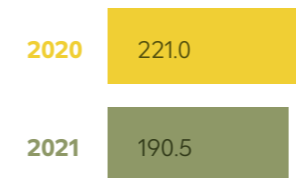
Conversion factors:

- 1 liter of diesel = 10.561 kWh
- 1 liter of gasoline = 9.585 kWh

FUEL TYPE	2020	2021
	MWh	MWh
Natural gas	221.0	190.5

### Natural gas consumption

MWh





## Electricity consumption

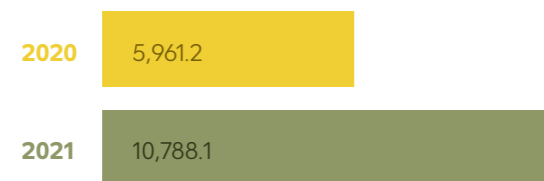
	2020	2021
	MWh	MWh
<b>Electricity</b>	<b>5,961.2</b>	<b>10,788.1</b>
Administration	44.6	50.2
Stores	5,916.6	10,737.9

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

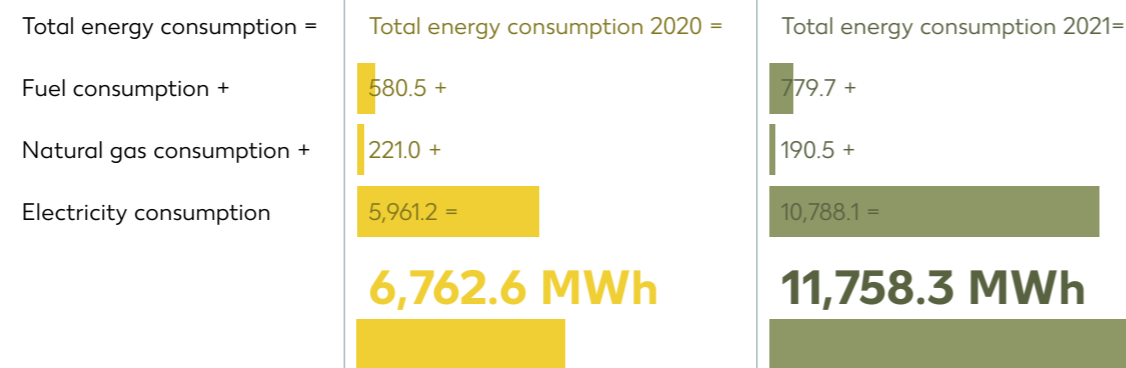
LOCATION	Electricity consumption
	MWh
Charging stations	267.65

### Electricity consumption

MWh



## Total energy consumption



## Energy intensity

AREA	2020	2021
	m <sup>2</sup>	m <sup>2</sup>
<b>Ø Sales area/ additional area</b>	<b>18,548.9</b>	<b>34,959.5</b>
Ø Sales area	9,796.1	20,163.2
Ø Additional area	8,752.7	14,796.3

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 =

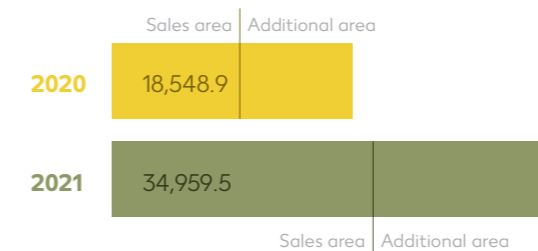
**364.6 kWh/m<sup>2</sup>**

EI 2021 =

**336.3 kWh/m<sup>2</sup>**

### Area

m<sup>2</sup>



Energy intensity decreased by almost 8% in 2021 compared to 2020.



## Investing in electric charging stations for our customers

We continued to invest in installing electric charging stations for our customers to be able to charge their cars when shopping in our stores.



In 2021, the total value of the investment was

**~1,005,617 MDL.**

Note: or the equivalent of 236,449 Romanian lei, at a rate of 1 RON = 4.2530 MDL



# Climate Strategy

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

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

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

- 1.** We prevent the generation of greenhouse gas emissions wherever possible.
- 2.** We reduce those greenhouse gas emissions which are unavoidable.
- 3.** Based on internationally recognized standards, we compensate the operational greenhouse gas emissions that we have so far been unable to avoid or reduce.

## Science Based Targets as Basis of our Climate Targets

As part of the joint climate strategy of the companies of Schwarz Group, we already joined the Science Based Targets initiative (SBTi) in August 2020. After preparing a complete climate impact assessment and analyzing the carbon footprint, climate protection targets were defined according to the method of the initiative. These were filed together with measures to reduce, prevent, or compensate CO<sub>2</sub> emissions in operation and along the supply chain. These science-based targets were validated and released by the SBTi in September 2021.

### Our Climate Targets

The companies of Schwarz Group will jointly reduce greenhouse gas emissions (scope 1 and 2) by 55 percent by 2030 compared to 2019 levels\*. As part of this, Kaufland has set itself the goal of reducing its operational greenhouse gas emissions by 80% over the same period (Scope 1 and Scope 2). To achieve this goal, the companies of Schwarz Group will procure 100%\*\* electricity from renewable energies as of the 2022 fiscal year.

Kaufland goes one step further and focuses on climate neutrality starting in 2025\*\*\*. The companies of Schwarz Group also commit to jointly reducing their absolute scope 3 emissions with regard to the use of sold fuels, by 27.5% by 2030 compared to 2019 levels. The products and services sold account for 78% of product-related emissions. Therefore, our suppliers are encouraged to set their own climate targets by 2026, according to the criteria of the SBTi.

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

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

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

A variety of measures to reduce, avoid or offset CO<sub>2</sub> emissions in operations and along the supply chain serve to achieve these targets.

- Kaufland Moldova stores with EV charging stations:  
**6**
- Buildings with heat recovery from product cooling:  
**6**
- Buildings with heat pumps:  
**6**
- Buildings with product cooling with natural refrigerants:  
**6\***
- Expansion of the climate-neutral assortment at Kaufland Moldova
- Joint Plastic Strategy "REset Plastic" of the companies of Schwarz Group ([reset-plastic.com/en](https://www.schwarz.com/en/reset-plastic.com/en))

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



# Our Carbon Footprint

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 Moldova during a financial year. In order to be able to compare different greenhouse gasses, we used CO<sub>2</sub> as reference, transforming all emissions into CO<sub>2</sub> equivalent (CO<sub>2</sub>eq), using their global warming potential (for example, 1 kg of methane has the same harmful greenhouse effect as 28 kg of CO<sub>2</sub> and would be presented as 28 kg CO<sub>2</sub>eq in the inventory).

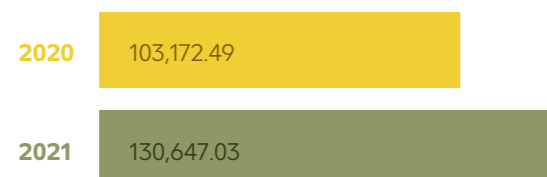
The conversion of data regarding CO<sub>2</sub>eq consumption is based on emission factors. The methodology uses two types of emission factors:

- Market factors (emission factors describing CO<sub>2</sub> emissions from producing and supplying a material or a process; for example, electricity producers in the EU must take into account the CO<sub>2</sub> emissions generated by producing electricity);
- Location-based (for the majority of emission sources, determining CO<sub>2</sub> emissions can be done only by using secondary data from scientific database, such as, for example, IPCC - Intergovernmental Panel on Climate Change, IEA 2021).

GHG EMISSIONS	2020	2021	Decrease/ Increase compared to 2020
	tonnes CO <sub>2</sub> eq	tonnes CO <sub>2</sub> eq	%
Scope 1	190.79	236.96	+24.20
Scope 2 (Location-based)	2,901.89	5,276.47	+81.83
Scope 3	100,079.70	125,133.60	+25.03
<b>Total</b>	<b>103,172.49</b>	<b>130,647.03</b>	<b>+26.63</b>

### Total GHG Emissions

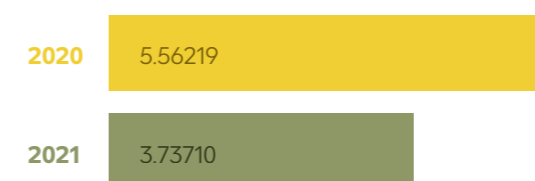
tonnes CO<sub>2</sub>eq



EMISSIONS INTENSITY	2020	2021	Decrease/ Increase compared to 2020
	tonnes CO <sub>2</sub> eq/m <sup>2</sup>	tonnes CO <sub>2</sub> eq/m <sup>2</sup>	%
Scope 1	0.01029	0.00678	-34.14
Scope 2 (Location-based)	0.15645	0.15093	-3.52
Scope 3	5.39545	3.57939	-33.66
<b>Total</b>	<b>5.56219</b>	<b>3.73710</b>	<b>-32.81</b>

### Total Emissions Intensity

tonnes CO<sub>2</sub>eq/m<sup>2</sup>



Emission factors used in the inventory were extracted from the IEA 2021; UK; DEFRA database.

EMISSION FACTORS - SCOPE 2	2020	2021
	g/kWh	g/kWh
Emission factor electricity - location based	486.8	489.1

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

**Scope 2** includes: emissions from producing electricity from the supplier

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





# Biodiversity and Pesticides



## Biological diversity – the basis of all life

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

## Millions of species are in danger of extinction

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

## The Kaufland Pesticide Management Strategy

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

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

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

For our products, we use various certifications which also include biodiversity criteria, e.g. The EU Organic Label, FSC® (Forest Stewardship Council) for wood-based products, MSC (Marine Stewardship Council) and ASC (Aquaculture Stewardship Council) for fish, Rainforest Alliance for coffee and bananas, and Fairtrade for cocoa.



# Independent Limited Assurance Report



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

To the management of Kaufland S.R.L

### Introduction

We have been engaged by the management of Kaufland S.R.L. (hereinafter – the “Company”) to provide limited assurance on the selected information defined in the section “Selected Information” and included in the Sustainability Report of the Company for the year ended 28 February 2022 (hereinafter – the “Sustainability Report”).

### Selected Information

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

GRI Disclosure/Kaufland specific disclosure and related description	Referred to in the GRI content index of the Sustainability Report
<b>202-2</b> Proportion of senior management hired from the local community	Yes
<b>302-1</b> Energy consumption within the organization	Yes
<b>305-2</b> Energy indirect (Scope 2) GHG emissions	Yes
<b>401-1</b> New employee hires and employee turnover	Yes
<b>405-1</b> Diversity of governance bodies and employees	Yes
<b>Kaufland specific</b> Total financial value of sponsorships directed to community investments	Yes
<b>Kaufland specific</b> Employees with disabilities	No. Disclosed on page 81 of the Sustainability Report
<b>Kaufland specific</b> Commercial investments: Investment in EV Charging stations	No. Disclosed on page 119 of the Sustainability Report

The scope of our limited assurance procedures was limited to the Selected Information for the year ended 28 February 2022 only. We have not performed any procedures with respect to earlier periods or any other items included in the Sustainability Report and, therefore, do not express any conclusion thereon.

### Reporting Criteria

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

### Responsibilities of management of the Company

Management of the Company is responsible for:

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

### Our responsibilities

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

We are responsible for:

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

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

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

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



### Professional standards applied and level of assurance

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

### Our independence and quality control

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

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

### Work done

We are required to plan and perform our work in order to consider the risk of material misstatement of the Selected Information. In doing so, we:

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

### Reporting and measurement methodologies

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

### Limited assurance conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come

to our attention that causes us to believe, that the Selected Information for the year ended 28 February 2022 has not been prepared, in all material respects, in accordance with the Reporting Criteria.



PricewaterhouseCoopers Audit SRL

Bucharest, 22 December 2022













# GRI Content Index



# GRI Content Index





The Kaufland Moldova Sustainability Report for the 2021 financial year (March 2021- February 2022) was developed according to GRI Standards and meets the requirements of the "Core" option.

GRI Standard	Description	Sustainable Development Goal	Page(s) number(s), URL and/or direct answers	Omissions	External Assurance
<b>GRI 101: General disclosures</b>					
<b>General disclosures</b>					
<b>GRI 102:</b> General disclosures 2016:	<b>Organizational Profile</b>				
	<b>102-1</b> Name of the organization		7		
	<b>102-2</b> Activities, brands, products, and services		10, 14, 18, 19, 23, 52-57		
	<b>102-3</b> Location of headquarters		7		
	<b>102-4</b> Location of operations		19		
	<b>102-5</b> Ownership and legal form		34		
	<b>102-6</b> Markets served		14, 18, 19		
	<b>102-7</b> Scale of the organization		18, 23, 52		
	<b>102-8</b> Information on employees and other workers	 8.2	68-70	 10.3	
	<b>102-9</b> Supply chain		62-65		
	<b>102-10</b> Significant changes to the organization and its supply chain		19		
	<b>102-11</b> Precautionary Principle or approach		35, 58, 88, 89		
	<b>102-12</b> External initiatives		29, 30, 31, 54-57, 121		
	<b>102-13</b> Membership of associations	 17.3	26-31		
<b>Strategy</b>					
	<b>102-14</b> Statement from senior decision-maker		5		
<b>Ethics and integrity</b>					
	<b>102-16</b> Values, principles, standards, and norms of behavior	 16.3	20, 21, 29, 62, 63		

<b>102-17</b> Mechanisms for advice and concerns about ethics	 16.3	36
<b>Governance</b>		
<b>102-18</b> Governance structure		34
<b>Stakeholder engagement</b>		
<b>102-40</b> List of stakeholder groups		46, 47
<b>102-41</b> Collective bargaining agreements	 8.8	All our employees are covered by collective bargaining agreements.
<b>102-42</b> Identifying and selecting stakeholders		40, 41
<b>102-43</b> Approach to stakeholder engagement		46, 47
<b>102-44</b> Key topics and concerns raised		41-47
<b>Reporting practice</b>		
<b>102-45</b> Entities included in the consolidated financial statements		7
<b>102-46</b> Defining report content and topic Boundaries		41-45
<b>102-47</b> List of material topics		43
<b>102-48</b> Restatements of information		There were no restatements of information.
<b>102-49</b> Changes in reporting		There were no changes in the reporting process.
<b>102-50</b> Reporting period	 12.6	01.03.2021-28.02.2022
<b>102-51</b> Date of most recent report	 12.6	Sustainability report (01.03.2017 – 28.02.2018)
<b>102-52</b> Reporting cycle	 12.6	Biennial
<b>102-53</b> Contact point for questions regarding the report		7
<b>102-54</b> Claims of reporting in accordance with the GRI Standards	 12.6	7
<b>102-55</b> GRI content index		134-144
<b>102-56</b> External assurance		128-131












## Material Topics

























COMPLIANCE/ ANTI-FRAUD			
<b>Anti-corruption</b>			
<b>GRI 103:</b> Management approach 2016	<b>103-1</b> Explanation of the material topic and its Boundary		35, 44, 45
	<b>103-2</b> The management approach and its components		35, 36
	<b>103-3</b> Evaluation of the management approach		36
<b>GRI 205:</b> Anti-corruption 2016	<b>205-2</b> Communication and training about anti-corruption policies and procedures	 16.5	36
<b>Anti-competitive behavior</b>			
<b>GRI 103:</b> Management approach 2016	<b>103-1</b> Explanation of the material topic and its Boundary		35, 44, 45
	<b>103-2</b> The management approach and its components		35, 36
	<b>103-3</b> Evaluation of the management approach		36
<b>GRI 206:</b> Anti-competitive behavior 2016	<b>206-1</b> Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	 16.3	No public legal actions were taken against the company for anti-competitive behavior.
<b>Socioeconomic compliance</b>			
<b>GRI 103:</b> Management approach 2016	<b>103-1</b> Explanation of the material topic and its Boundary		35, 44, 45
	<b>103-2</b> The management approach and its components		35, 36
	<b>103-3</b> Evaluation of the management approach		36
<b>GRI 419:</b> Socioeconomic compliance 2016	<b>419-1</b> Non-compliance with laws and regulations in the social and economic area	 16.3	36
<b>Public policy</b>			
<b>GRI 103:</b> Management approach 2016	<b>103-1</b> Explanation of the material topic and its Boundary		44, 45
	<b>103-2</b> The management approach and its components		36
	<b>103-3</b> Evaluation of the management approach		36
<b>GRI 415:</b> Public policy 2016	<b>415-1</b> Political contributions	 16.5	The company did not support political causes or parties, financially or in-kind.






















## EXPANSION OF HEALTHY PRODUCT RANGE

<b>GRI 103:</b> Management approach 2016	<b>103-1</b> Explanation of the material topic and its Boundary		44, 45, 54-57
	<b>103-2</b> The management approach and its components		54-57
	<b>103-3</b> Evaluation of the management approach		36
	Number of lactose-free, gluten-free, vegan, sugar reduced, salt reduced and fat reduced items		52



## ENVIRONMENTAL PROTECTION IN OPERATIONAL PROCESSES













Energy			
<b>GRI 103:</b> Management approach 2016	<b>103-1</b> Explanation of the material topic and its Boundary		44, 45, 116
	<b>103-2</b> The management approach and its components		116-121
	<b>103-3</b> Evaluation of the management approach		121
<b>GRI 302:</b> Energy 2016	<b>302-1</b> Energy consumption within the organization	 7.2, 7.3	 8.4
		 12.2	 13.1
		 7.3	 8.4
	<b>302-3</b> Energy intensity	 7.3	 8.4
	<b>302-4</b> Reduction of energy consumption	 7.3	 8.4
		 12.2	 13.1








Emissions					
<b>GRI 103:</b> Management approach 2016	<b>103-1</b> Explanation of the material topic and its Boundary		44, 45, 122		
	<b>103-2</b> The management approach and its components		121-123		
	<b>103-3</b> Evaluation of the management approach		121, 123		
<b>GRI 305:</b> Emissions 2016	<b>305-1</b> Direct (Scope 1) GHG emissions	 3.9	 12.4	122, 123	
		 13.1	 14.3		
		 15.2			
		 3.9	 12.4	122, 123	✓
		 13.1	 14.3		
		 15.2			
	<b>305-2</b> Energy indirect (Scope 2) GHG emissions	 3.9	 12.4	122, 123	
		 13.1	 14.3		
		 15.2			
		 3.9	 12.4	122, 123	
		 13.1	 14.3		
		 15.2			
<b>305-3</b> Other indirect (Scope 3) GHG emissions	 3.9	 12.4	122, 123		
	 13.1	 14.3			
	15.2				
	13.1	14.3	123		
	15.2				
	15.2				




Waste 2020				
<b>GRI 103:</b> Management approach 2016	<b>103-1</b> Explanation of the material topic and its Boundary		44, 45, 108	
	<b>103-2</b> The management approach and its components		49, 108, 110, 121	
	<b>103-3</b> Evaluation of the management approach		49, 109	
<b>GRI 306:</b> Effluents and waste 2016	<b>306-1</b> Waste generation and significant waste related impacts	 3.9	 6.3	109
		 12.4, 12.5		
		 3.9	 6.3	109
		 12.4, 12.5		
		 3.9	 6.3	109
		 12.4, 12.5		
	<b>306-2</b> Management of significant waste-related impacts	 3.9	 6.3	109
		 12.4, 12.5		
		 3.9	 6.3	109
		 12.4, 12.5		
		 3.9	 6.3	109
		 12.4, 12.5		
<b>306-3</b> Waste generated	 3.9	 6.3	109	
	 12.4, 12.5			
	3.9	6.3	109	
	12.4, 12.5			
	3.9	6.3	109	
	12.4, 12.5			
<b>306-4</b> Waste diverted from disposal	3.9	6.3	109	
	12.4, 12.5			
	3.9	6.3	109	
	12.4, 12.5			
	3.9	6.3	109	
	12.4, 12.5			
<b>306-5</b> Waste directed to disposal	3.9	6.3	109	
	12.4, 12.5			
	3.9	6.3	109	
	12.4, 12.5			
	3.9	6.3	109	
	12.4, 12.5			







ENVIRONMENTALLY FRIENDLY PACKAGING			
<b>Materials</b>			
<b>GRI 103:</b> Management approach 2016	<b>103-1</b> Explanation of the material topic and its Boundary		44, 45
	<b>103-2</b> The management approach and its components		108
	<b>103-3</b> Evaluation of the management approach		121
<b>GRI 301:</b> Materials 2016	<b>301-1</b> Materials used by weight or volume	 8.4  12.2	Data not available for the reporting period.

RESPONSIBLE EMPLOYER			
<b>Occupational health and safety</b>			
<b>GRI 103:</b> Management approach 2016	<b>103-1</b> Explanation of the material topic and its Boundary		44, 45, 84
	<b>103-2</b> The management approach and its components		84, 85, 87, 88, 89
	<b>103-3</b> Evaluation of the management approach		86
<b>GRI 403:</b> Occupational health and safety 2018	<b>403-1</b> Occupational health and safety management system	 8.8	84, 87
	<b>403-2</b> Hazard identification, risk assessment, and incident investigation	 3.6  8.8	85
	<b>403-4</b> Worker participation, consultation, and communication on occupational health and safety	 8.8  16.7	87
	<b>403-5</b> Worker training on occupational health and safety	 8.8	87
	<b>403-6</b> Promotion of worker health	 8.8	87-89
	<b>403-7</b> Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	 8.8	87-89
	<b>403-8</b> Workers covered by an occupational health and safety management system	 8.8	84
	<b>403-9</b> Work-related injuries	 3.6, 3.9  8.8  16.1	86


<b>Training and education</b>			
<b>GRI 103:</b> Management approach 2016	<b>103-1</b> Explanation of the material topic and its Boundary		44, 45, 77
	<b>103-2</b> The management approach and its components		74-77
	<b>103-3</b> Evaluation of the management approach		77
<b>GRI 404:</b> Training and education 2016	<b>404-1</b> Average hours of training per year per employee	 8.2	77
<b>Diversity and equal opportunity</b>			
<b>GRI 103:</b> Management approach 2016	<b>103-1</b> Explanation of the material topic and its Boundary		44, 45, 80
	<b>103-2</b> The management approach and its components		80, 81
	<b>103-3</b> Evaluation of the management approach		34, 81
<b>GRI 405:</b> Diversity and equal opportunity 2016	<b>405-1</b> Diversity of governance bodies and employees	 5.1, 5.5  8.5	34, 80 ✓
<b>Employment</b>			
<b>GRI 103:</b> Management approach 2016	<b>103-1</b> Explanation of the material topic and its Boundary		44, 45, 68
	<b>103-2</b> The management approach and its components		68-70
	<b>103-3</b> Evaluation of the management approach		36, 70
<b>GRI 401:</b> Employment 2016	<b>401-1</b> New employee hires and employee turnover	 5.1  8.5, 8.6  10.3	70 ✓
<b>Market presence</b>			
<b>GRI 103:</b> Management approach 2016	<b>103-1</b> Explanation of the material topic and its Boundary		44, 45
	<b>103-2</b> The management approach and its components		34
	<b>103-3</b> Evaluation of the management approach		25
<b>GRI 202:</b> Market presence 2016	<b>202-2</b> Proportion of senior management hired from the local community	 8.5	34 ✓

Non-discrimination			
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary	44, 45, 80
	103-2	The management approach and its components	80, 81
	103-3	Evaluation of the management approach	81
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	81
			 5.1  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	44, 45
	103-2	The management approach and its components	29
	103-3	Evaluation of the management approach	36
GRI 412: Human rights assessment 2016	412-2	Employee training on human rights policies or procedures	There was no training conducted in 2021 in this regard.
			 5.1  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	44, 45
	103-2	The management approach and its components	29
	103-3	Evaluation of the management approach	36
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	There were no assessments conducted in 2021 in this regard.
			 8.8

### EXPANSION OF SUSTAINABLE PRODUCT RANGE

GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary	44, 45
	103-2	The management approach and its components	54-57
	103-3	Evaluation of the management approach	57
		Number of certified products in our assortment	57

PREVENTION OF FOOD WASTE			
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary	44, 45, 111
	103-2	The management approach and its components	48, 111-113
	103-3	Evaluation of the management approach	48
		Projects implemented to reduce food waste	111, 112


### ANIMAL WELFARE PRODUCTS

GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary	44, 45
	103-2	The management approach and its components	54-57
	103-3	Evaluation of the management approach	36
		Initiatives to promote good practices amongst animal products suppliers	65

### POS - TRANSPARENCY

GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary	44, 45
	103-2	The management approach and its components	58, 59
	103-3	Evaluation of the management approach	25
		Measures to ensure POS transparency	55, 56

### PROMOTION OF LOCAL/NATIONAL PRODUCTS

Procurement practices			
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary	44, 45, 62, 63
	103-2	The management approach and its components	62-65
	103-3	Evaluation of the management approach	64, 65
GRI 204: Procurement practices 2016	204-1	Proportion of spending on local suppliers	64, 65
			 8.3

### GREEN LOGISTICS

GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary	44, 45
	103-2	The management approach and its components	62, 63, 112
	103-3	Evaluation of the management approach	36
		Measures to ensure sustainable processes in our logistic centers	62






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

<b>GRI 103:</b> Management approach 2016	<b>103-1</b> Explanation of the material topic and its Boundary	44, 45
	<b>103-2</b> The management approach and its components	49, 62-65, 124, 125
	<b>103-3</b> Evaluation of the management approach	36
	Measures to improve supply chain sustainability	124, 125, 49, 64, 65

**CUSTOMER SERVICE AND AWARENESS REGARDING SUSTAINABILITY TOPICS**

**Indirect economic impacts**

<b>GRI 103:</b> Management approach 2016	<b>103-1</b> Explanation of the material topic and its Boundary	44, 45, 110	
	<b>103-2</b> The management approach and its components	110, 119	
	<b>103-3</b> Evaluation of the management approach	36, 110, 119	
<b>GRI 203:</b> Indirect economic impacts 2016	<b>203-1</b> Infrastructure investments and services supported	 5.4	110, 119
		 9.1, 9.4	
		 11.2	

**LOCAL/NATIONAL SOCIAL ENGAGEMENT AND ECOLOGICAL RESPONSIBILITY**

<b>GRI 103:</b> Management approach 2016	<b>103-1</b> Explanation of the material topic and its Boundary	44, 45	
	<b>103-2</b> The management approach and its components	49, 94-103	
	<b>103-3</b> Evaluation of the management approach	36, 95	
	Total financial value of sponsorships directed to community investments	95	✓
	Number of community investments projects supported	95-103	



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**Our  
actions  
do the  
talking.**



**Kaufland**