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Our actions do the talking.



Business year 2022

The companies in the Kaufland Group have created this joint report for all of the companies in the Kaufland Group. The words "we", "us", "our" etc. each represent the entirety of these companies.

Introduction

The resilience of our planet is getting weaker. According to researchers, six out of nine planetary boundaries have already been transgressed. If these boundaries are crossed, the stability of the earth's ecosystems will be jeopardized and thereby also the safe operating space for humanity.¹ The definition of the boundaries on which the concept of planetary boundaries is based on is difficult and not without controversy. Currently, nine planetary boundaries are being discussed: climate change, ocean acidification, stratospheric ozone depletion, biogeochemical flows (such as phosphorous and nitrogen), (fresh) water use, land-system change such as deforestation, biosphere integrity (i.e. loss of biodiversity), and the introduction of novel entities, such as the impact of chemicals.

You can either question the individual figures and boundaries or see the concept of the planetary boundaries as a wake-up call, because what is becoming clear is that we are currently in danger of destroying our secure base and therefore our livelihoods.



The evolution of the planetary boundaries framework.²

This basis for life is also the basis for our daily economic activities. As a food retailer, we are reliant on the system of planetary boundaries being intact and we therefore have a responsibility, among other things, to continually minimize greenhouse gas emissions and to work together to achieve the target set out in the Paris Climate Agreement of limiting global warming to1.5°C in order to keep the impact of climate change to a minimum.

¹ <u>Planetary boundaries – Stockholm Resilience Centre</u>

² Azote for Stockholm Resilience Center, Stockholm University. Based on Richardson et al. 2023, Steffen et al. 2015, and Rockström et al. 2009.

Our Contribution to Achieving the Paris Climate Agreement

In August 2020, the companies of the Schwarz Group officially joined the Science Based Targets initiative (SBTi) and thereby committed themselves to formulating their own science-based climate targets. This means that the companies in the Kaufland Group, which is part of the Schwarz Group, are also playing a key role in achieving the Paris Climate Agreement and limiting global warming to 1.5°C. Our approach in doing this is firstly to avoid, then reduce our emissions, and finally to offset them when no other options are available.

We will reduce our operational emissions (Scope 1 and 2) by more than 80% between 2019 and 2030. By 2025 at the latest, we will also become climate-neutral by offsetting our remaining operational greenhouse gas emissions (Scope 1 and 2) through carbon offsetting projects. In order to reduce our emissions from our downstream and upstream value chain (Scope 3), we are requiring suppliers that are responsible for 80% of product-related emissions to set their own climate targets based on the methodology of the SBTi by 2026. We are supporting and guiding our business partners through this process. We are also committed to reduce our absolute Scope 3 emissions, which relate to the use of sold fuels, by 27.5% by 2030 compared to 2019 levels.



Sketch showing our actions to protect the climate, based on the Science Based Targets (SBTi).

Overview of Kaufland's Greenhouse Gas (GHG) Emissions in 2022 (Updated: Fall 2023)

In the fiscal year³ 2022, the absolute greenhouse gas emissions for the Kaufland Group amounted internationally to a CO2-equivalent of 34.5 million metric tons for a sales area of 8.6 million m²⁴. The majority of our absolute GHG emissions (Scope 3) occur in the upstream and downstream supply chain and 92% result from the assortment, with the balance sheet items of purchased goods, use of sold products, and waste disposal. Together with our suppliers and partners, we are continually working to reduce these.

Operational emissions (Scope 1+2) dropped in total by 58% in 2022. In the fiscal year 2022, inorganic growth and acquisitions of individual stores were taken into account and included for previous years. Changes also occurred as a result of methodological adjustments (e.g. conversion factors from pieces to kilograms), which should lead to a better data situation in the future.

In recent years, the biggest balance sheet item in Scope 1+2 has resulted from electricity consumption. In 2022, by switching to 100% renewable energy⁵, we were able to reduce these emissions significantly from 569,835 CO_2e (2021) to 6,036 CO_2e .

The remaining emissions from electricity consumption in fiscal year 2022 were caused by stores which are not yet in our portfolio. This consumption should also be reduced in the future.

THG-Emissionen	absolut	spezifisch
	t CO ₂ e	kg CO ₂ e/m²VKF
Flüchtige Gase	263.148	31
Mobile Verbrennung	33.749	4
Stationäre Verbrennung	109.877	13
Scope 1	406.774	48
Fernwärme	21.112	2
Strom*	6.036	1
Scope 2	27.148	3
Eingekaufte Güter	28.990.387	3388
Brennstoff- und energiebez.Emissionen	269.341	31
Transporte	2.093.944	245
Betriebsabfälle	75.334	9
Geschäftsreisen	22.324	3
Pendeln der Arbeitnehmer	180.044	21
Nutzung der verkauften Produkte	2.359.150	276
Entsorgung / Verwertung verkaufter Produkte	26.129	3
Scope 3	34.016.653	3976
Gesamtbilanz	34.450.575	4027

Overview of Kaufland GHG emissions 2022 (in-store trade)

³ Fiscal year: March to February.

⁴Sales area and adjacent areas.

⁵ excluding supply contracts over which Kaufland has no control, such as tying the leasing of properties to power purchase agreements.

Switch to 100% Renewable Energy

In fiscal year 2022, we took a significant step towards reducing emissions by switching to 100% renewable energy⁶. The companies in the Kaufland Group are actively pushing ahead with this energy transition as part of their sustainability strategy. Since March 1, 2022, we have obtained our electricity for administrative locations, logistics centers, and meat processing plants from renewable sources. The switch to 100% renewable energy and the expansion of our own power generation (PV systems) are part of the jointly developed climate strategy for the companies of the Schwarz Group.



Determination of GHG Emissions

Our carbon footprint is measured based on the Greenhouse Gas Protocol (GHG Protocol), the most frequently used accounting standard for calculating greenhouse gas emissions. The balance sheet also satisfies the formal criteria of the ISO 14064-1 standard. This Kaufland carbon footprint is therefore ISO-compliant.

The carbon footprint is intended to describe the emissions generated by the operations of a company, either directly or indirectly, that are damaging to the climate. In addition to carbon dioxide, other greenhouse gases – such as methane and nitrous oxide – also affect the environment. For this reason, the carbon footprint is expressed as a CO₂e (equivalent).

⁶ excluding supply contracts over which Kaufland has no control, such as tying the leasing of properties to power purchase agreements.

Legal Notice

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