

# KAUFLAND GUIDELINE WATER



**Our  
actions  
do the  
talking.**



**Kaufland**



# Water with a future

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# Relevance



# Water: a global issue of huge relevance

**Water is a resource. Water is a habitat. Water is a human right. This Kaufland Water Guideline focuses specifically on this precious commodity.**

Water is existential – it is essential to the survival of people, animals and plants. Even though two thirds of the Earth’s surface is covered with water, only around 3 % is fresh water. The rest is salt water. Considering that a large part of the fresh water is bound up in ice, snow and permafrost, only a very small proportion is actually usable. This part is also very unevenly distributed globally.<sup>1</sup>

According to the World Data Lab’s World Scarcity Clock, around 2.5 billion people currently live in water scarce areas, where there aren’t enough resources available to meet the population’s water needs.

According to forecasts, more than 2.7 billion people will be suffering from water shortages in 2030.

The growing world population is causing increasing demand for fresh water, which already has limited availability. The increasing production of food, textiles and other consumer products is making this situation worse. It is not only the high consumption that is the problem, but also the pollution of the water. Global warming and the associated water scarcity, droughts and floods present additional risks.

The critical nature of this issue soon becomes apparent from the facts on the following page.

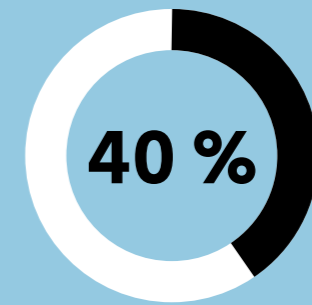


<sup>1</sup> German Environment Agency, “Wasser als Ressource” [Water as a Resource], <https://www.umweltbundesamt.de/daten/ressourcen-abfall/wasser-als-ressource>.

# Water Facts

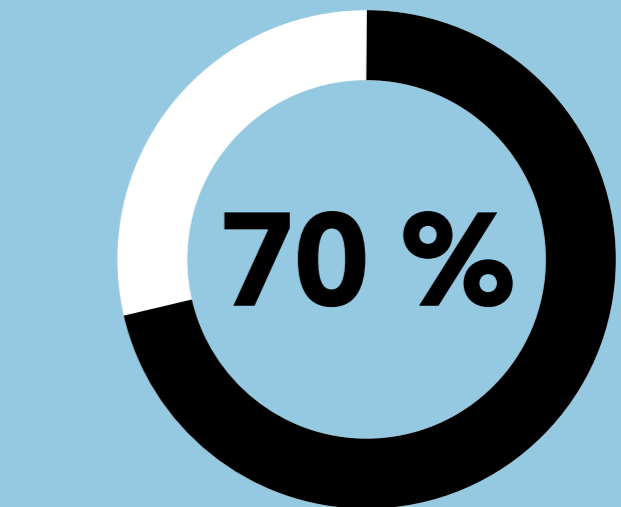
## A key issue for the future

Large quantities of water are required for the production of textiles (including virtual water). Just the **production of a cotton T-shirt** needs an estimated



In 2030, **40 %** of the demand for water will no longer be met **from environmentally sustainable sources**, from groundwater and surface water, due to excessive consumption and waste.

**Agriculture** represents almost **70 %** of **global water consumption**



<sup>2</sup> UN Global Compact Network Germany, Guideline “Kontextbasiertes Wassermanagement in Unternehmen” [Context-based water management in companies], March 2020.

<sup>3</sup> World Bank, UN Revision of World Population Prospects, 2015. OECD, World Water Development Report, Fig. 5.4, p. 217, 2012.

Water footprint in Germany almost

**4.000**

Direct (drinking) water consumption about **120 liters** per person per day



Indirect "virtual" water consumption about **3,880 liters** per person per day



# Virtual Water

*The water footprint, which includes all production steps*

Whether it's an apple, milk, beef or a T-shirt, virtual water describes the amount of water used to produce a product. Whether it's agriculturally produced or manufactured by industry – all production steps are included. This concept shows how waterintensive different products are in comparison to each other and what local impact the importing and exporting of products has. It includes the soil water and rainwater needed by plants, for example, as well as the water used during production and the water that is polluted as a result.

Most of the water is only consumed "virtually", as it ultimately returns into the natural water cycle. **According to the German Environment Agency, the average direct (drinking) water consumption per person is about 120 liters per day.** This also includes water for showering, washing up or eating. The virtual water requirement for food or clothing is much higher in comparison – **the total water footprint in Germany is therefore almost 4,000 liters per person per day.**



# Our Responsibility



# Kaufland for greater sustainability

*Our actions do the talking*



**Our guiding principle of "Kaufland for greater sustainability" summarizes our commitment to people, animals and the environment. It expresses our stance on sustainability.**

As an international food retailer, we know that our actions have consequences – including in relation to water. Our stores offer a wide range of foods and other consumer goods. From cultivation and processing through to sales, from our suppliers to our own production and operating facilities – water is used throughout. This resource must be used with care.

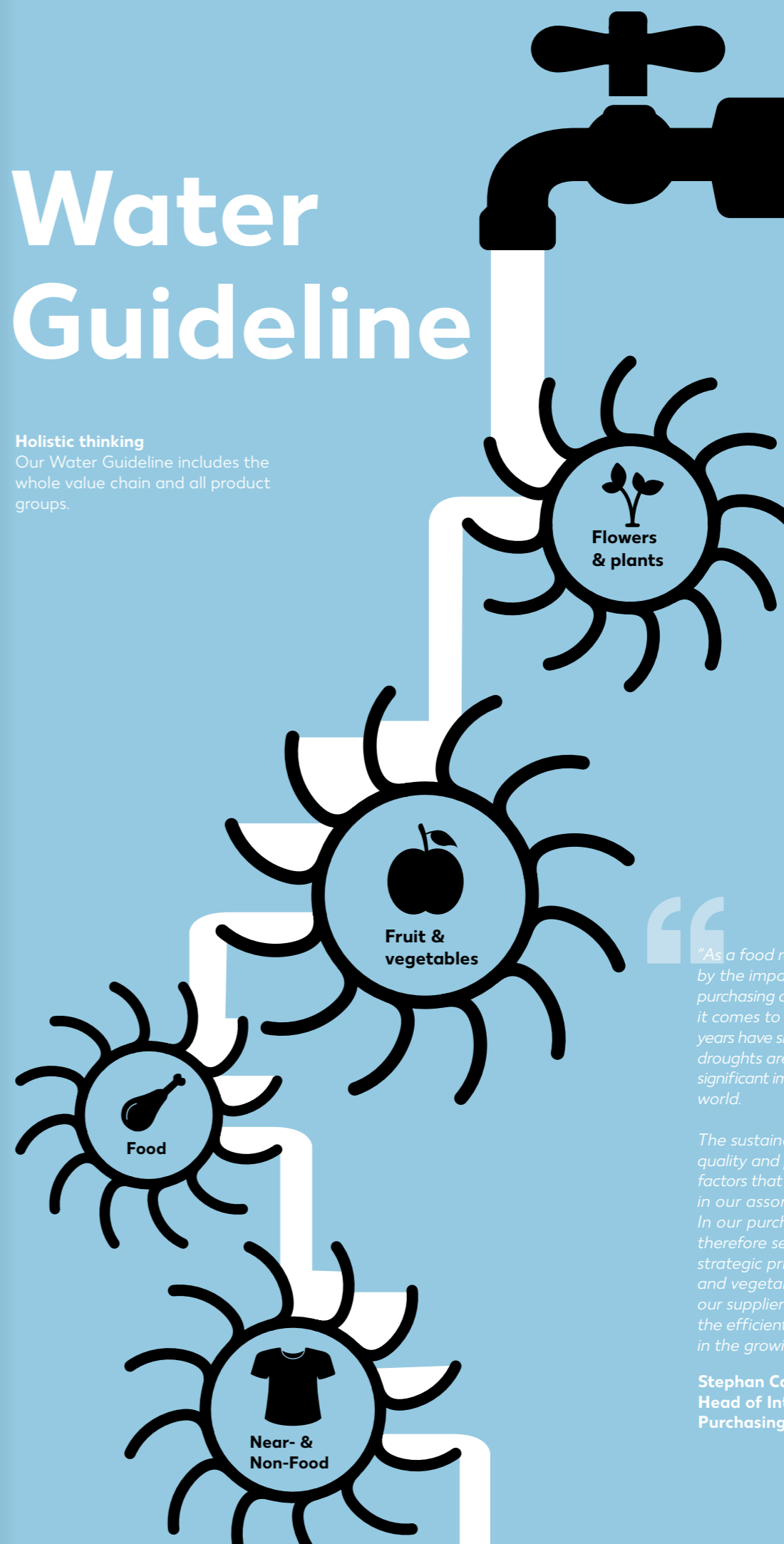
We want to play our part in establishing sustainable water management, making people aware of water as a precious resource, and promoting the protection of our waterways and oceans. **It is therefore extremely important to us that we also show a commitment within our own company to using water responsibly.** This means the use of water in our administration buildings and our stores as well as in the production of our products.

Together we can make a difference: **this Guideline applies to the entire supply chain.** In this Kaufland Water Guideline we make it clear what water risks exist within the scope of our responsibility along the value chain for our product groups of food, fruit and vegetables, flowers and plants, near and non-food. Also, we communicate what we have accomplished and what future goals we are setting ourselves for the coming years.

# Water Guideline

## Holistic thinking

Our Water Guideline includes the whole value chain and all product groups.



*"As a food retailer, we are directly affected by the impact of climate change in the purchasing of our goods – particularly when it comes to fruit and vegetables. Recent years have shown us that water scarcity and droughts are increasing and are having a significant impact on agriculture around the world.*

*The sustainable availability of goods, the quality and price, in particular, are relevant factors that are also reflected to customers in our assortment and in our stores. In our purchasing department, we have therefore set the issue of water as a strategic priority, with a focus on fruit and vegetables. Our aim is to work with our suppliers on projects that promote the efficient and sustainable use of water in the growing of fruit and vegetables."*

**Stephan Carbach,**  
Head of International Sustainable Purchasing

# Challenges





# Key factors: Water consumption and water pollution

Kaufland is using the concept of the water footprint, as recommended in UN Global Compact Network Germany's guideline **"Kontextbasiertes Wassermanagement in Unternehmen"** [Context-based water management in companies], to find solutions for sustainable water management. This sees water consumption and water pollution as key factors.



### Water consumption

Water that is used along the value chain and in your own business units and not returned back into the ecosystem.



### Water pollution

Contamination caused by substances with a volume that exceeds the self-cleaning ability of water.

# Water Facts

*Textile and food retail is facing huge challenges*

## Water consumption

**Food retail** is one of the industries with the highest consumption of water. In Germany, for example, food retail uses.

# 47 liters

per euro of sales, making it a top consumer.<sup>1</sup>

The largest share (43 %) of international virtual water flows is caused by trade in oil plants – including cotton, soy beans, oil palms, sunflower, rapeseed, and others – and products made from them. Other products with a large water footprint are grains, industrial goods, coffee, tea and cacao as well as beef products.<sup>2</sup>



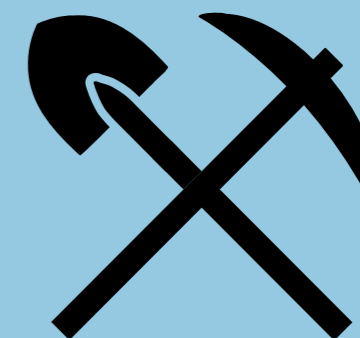
<sup>1</sup> WWF Germany, "Wassernotstand im Regal – Wie der deutsche Lebensmitteleinzelhandel seine Wasserrisiken reduzieren kann" [Water emergency on the retail shelf – how German food retailers can reduce their water risks], 2018.

<sup>2</sup> Marina Zapf, "Virtuelles Wasser": So durstig ist der Welthandel" [Virtual water: How thirsty world trade is], Welternährung. The Welthungerhilfe specialist journal, April 2022.

<sup>3</sup> WWF, "Das importierte Risiko: Deutschlands Wasserrisiko in Zeiten der Globalisierung" [The imported risk: Germany's water risk in times of globalization], UN Global Compact Network Germany, Guideline „Kontextbasiertes Wassermanagement in Unternehmen“, [Context-based water management in the company] March 2020.

## Water pollution

**Agriculture, mining and the textile industry are the biggest causers of water pollution.<sup>3</sup>**



# Our Approach



# What water risks exist for our company and our supply chain?

**Our management approach to corporate due diligence forms the basis for the systematic implementation of Kaufland's sustainability strategy and adherence to defined guidelines. The introduction of a management approach for more sustainable use of water is part of this.**

In order to develop a strategic approach, it was firstly important for Kaufland to understand which business units and parts of the supply chain are particularly dependent on water and what the associated opportunities and risks are.

Understanding the challenges in our supply chain is essential for evaluating hotspots.

In the next step, we define measures and processes to minimize potential water risks, determine the conscious use of water and embed this in a strategy. In the implementation phase, the measures are continuously checked for their effectiveness and then improved where necessary.



## Water risk

### What is meant by water risks for companies?

First of all, this term describes a situation where damage related to water is likely to occur in the future.

High consumption of water does not necessarily mean an increased water risk, just as saving water is not enough on its own to minimize the risk. A company's water risk has many factors and includes:

- **physical risks** such as water scarcity and poor water quality
- **regulatory risks** such as lack of legislation and unfair water distribution, and
- **reputational risks** such as damage to your reputation and boycotts by customers<sup>1</sup>

## Hotspot analysis

In 2020, together with an external service provider, we developed a hotspot analysis. The assessments are based on statistical data and purchasing volumes, among other things. Scarcity-weighted water consumption and water pollution were used as indicators. **The aim of the analysis was to identify water-related hotspots for different product groups.** From this, we derived focus product groups and areas for action where we will systematically reduce water consumption and water pollution.

Kaufland concluded that natural foods, such as fruit and vegetables, flowers and plants, animal products, processed foods, detergents and cleaning products, cosmetics/personal care products and textiles are the product groups that pose particularly high water risks.

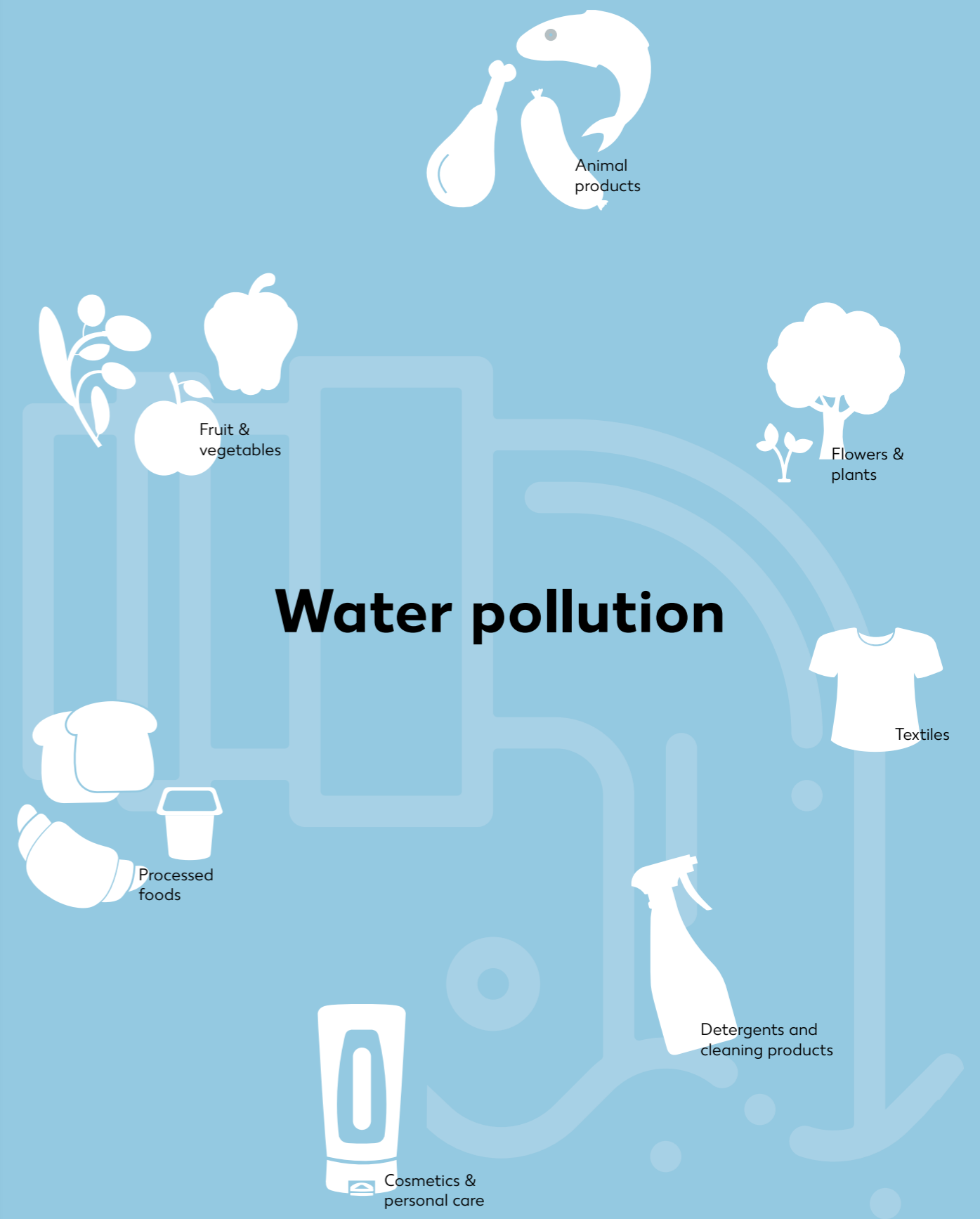
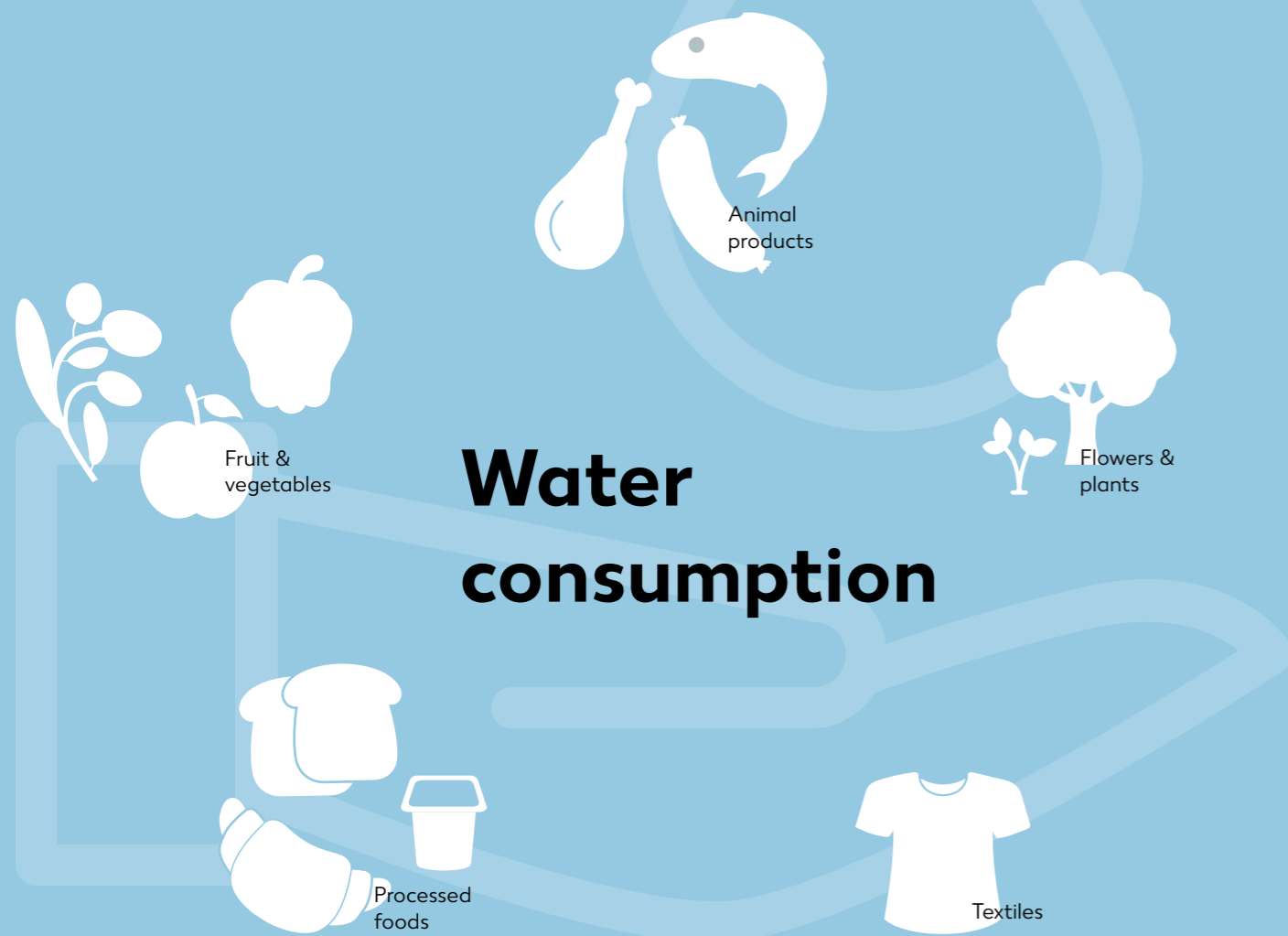
**The hotspots are mainly in agricultural production, especially due to artificial irrigation in growing regions with a high local or seasonal scarcity of water and due to the use of pesticides and fertilizers. In contrast, water consumption is comparatively low at our central locations and at our stores.**

<sup>1</sup> WWF, "Wasserrisiko – Lokale Risiken mit globalen Auswirkungen" [Water risk – local risks with a global impact], <https://www.wwf.de/themen-projekte/fluesse-seen/wasser-politik-maerkte/wasserrisiko>

# Our Core Areas



# The business units and product groups at Kaufland with the highest water risks





# The Causes

# The reasons for increased water risks for individual product groups and their consequences

## Fruit & vegetables, flowers & plants

- Agricultural products with comparatively very high water requirements
- Grown in countries with high water scarcity
- Artificial irrigation resulting in increased water scarcity in other areas
- Water pollution due to the use of pesticides and fertilizers
- Loss of fertile soil, including due to salinization, as the evaporated water from artificial irrigation leaves dissolved salts in the soil
- Decline in biodiversity, which then affects the soil and water quality

- Intensive livestock farming causes high pollution of the ground water and surface water by veterinary drugs, as well as increased nitrate and phosphate pollution caused by overfertilization as a result of the large volumes of manure
- Water pollution during the production of feed
- High water consumption in livestock farming, especially for the production of feed (production of maize and soy), water supply and hygiene measures
- Increased water requirements for further processing

## Animal products

## Processed foods & their raw materials

- Cultivation of water-intensive raw materials (see fruit & vegetables)
- Lots of processing steps through to packaging cause higher water consumption, e.g. for cleaning the products and equipment, steam generation and cooling

## Textiles

- The textile industry is the second-highest user and polluter of water in the world
- Cotton farming is the most water-intensive segment (artificial irrigation) in the textile value chain; also uses fertilizers and pesticides
- Contamination of waste water due to the high use of chemicals, especially for the dyeing and finishing of textiles
- High water requirement for wet finishing processes
- Water pollution caused by microplastics in synthetic fibers

## Cosmetics and personal care products, detergents and cleaning products

- Water pollution caused by microplastics
- Water polluted by chemicals such as surfactants, fragrances, phosphates, antibacterial ingredients and preservatives in waste water
- Decline in biodiversity

# Goals and Guidelines





# What we are guided by and what we are working towards

Less use, more efficient, more careful and cleaner – these are the four key goals we are pursuing with our commitment to sustainable water management. Water is a precious commodity – we want to protect water as a resource, a habitat and a human right.



## The basis of all life

Water is vital for people, animals and plants. Water is essential for food, but is also a habitat and a prerequisite for biodiversity. Protecting fresh water and salt water as resources and habitats for the future is part of our corporate responsibility.



## Taking global responsibility

Water scarcity is a global problem that we can only solve together. We always see our corporate goals in a global context. We are therefore guided by the Sustainable Development Goals defined by the United Nations for the implementation of its 2030 Agenda for Water.



**“Securing food worldwide”**  
Promoting sustainable agriculture and rural development for food security, better nutrition and a world without hunger.



**“Life under water”**  
Conservation and sustainable use of oceans, seas and marine resources for sustainable development.



**“Clean water and sanitary facilities”**  
Ensuring the availability and sustainable management of water and sanitation for all.



**“Life on land”**  
Preservation of intact ecosystems as habitats for many different living creatures, while also safeguarding their function as sources of food, clean air and clean drinking water.



**“Implementing climate protection worldwide”**  
Stemming climate change so that extreme weather events occur less often, sea levels do not rise any higher, crops no longer dry up, and whole regions do not become inhabitable.

Kaufland has already done a great deal in recent years to achieve these goals, by putting targeted measures in place to reduce water consumption, increase water efficiency, conserve natural resources, and prevent water pollution (see section “Measures: Convincing people with our actions”) – in its own economic interest as well as in terms of global and sustainable water management.



As a member of the Alliance for Water Stewardship (AWS), Kaufland is proud to be part of a global alliance of companies, NGOs and the public sector committed to the responsible use of water resources along the value chain. The AWS Standard supports taking responsibility for the resource water as well as taking credible and verifiable measures to protect shared water resources now and in the future.

# The Measures



# Convincing people with our actions

When it comes to our responsibility for protecting water, we want to convince people with our actions. Step by step, drop by drop – we have already put many measures in place and others will follow.

## Seals and certifications

### Labeling of more sustainable products



Kaufland uses certification systems and works with various standard organizations in order to reduce the use and pollution of water. The benefit of this for our customers is that more sustainable products in our assortment are labeled as such and are therefore easily recognizable.

The following page lists only those seals and certifications which, within the framework of an associated set of regulations, take into account requirements for water quality, wastewater controls, the preservation of soil fertility, limits for the input of pollutants to water, the reduced use or a

ban on the use of pesticides and fertilizers, the protection of water resources, the sparing use of water and the use of rainwater.

Our own-brand water-friendly textiles, cosmetics & care products, detergents and cleaning products are also labeled with the **Kaufland "Water saved"** logo (see section "Measures: Textiles") and **"Formula without microplastics"** (see section "Cosmetics & personal care, detergent & cleaning products").



International Association for Soaps, Detergents and Maintenance Products



FSC® - Forest Stewardship Council



ASC - Aquaculture Stewardship Council



GLOBALG.A.P.



Organic according to standards of EU legislation



GOTS - Global Organic Textile Standard



Bioland



MSC - Marine Stewardship Council



Blue Angel



Organic Content Standard



CmiA - Cotton made in Africa



QS - Quality scheme for food



Demeter



Rainforest Alliance



Fairtrade

## Fruit & Vegetables, Flowers & Plants

### Our measures at a glance

Pesticides and fertilizers can irreparably damage the health of our customers, producers, biodiversity and ecosystems.

The consequences: Pollutants in water and soil result in, among other things, the increasing disappearance of our varied cultural landscape, on which many animal and plant species and all people depend.

Kaufland therefore started to introduce measures at a very early stage to protect plants and preserve biodiversity. Irrigation using rainwater is an alternative for regions with heavy rainfall. Kaufland therefore initiated a flagship project in Germany: the rainwater greenhouse in Chiemgau.



Rainwater greenhouse in Chiemgau

### Plant protection

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 to protect health since 2006. This also contributes significantly to better water quality and the reduction of water pollution.

We have also developed the Kaufland Pesticide Management Strategy, a system-based approach. We are drastically reducing the use of pesticides, even going beyond statutory requirements. We consistently advocate that producers should only use pesticides when there are no viable alter-

natives from an agronomic perspective. Regular independent checks help us to ensure that our internal standards are being met.

And we have been successful: we are now a trend-setter when it comes to reducing the use of pesticides in the cultivation of fruit and vegetables, as well as flowers and plants, and our specifications are overwhelmingly considered to be the strictest in the industry.

## Biodiversity

As a provider of food, hygiene products etc., we feel we have a duty to take responsibility for protecting nature and supporting biodiversity, because biodiversity and species diversity contribute significantly to the protection of our waters. Our measures for protecting biodiversity:

### Protecting biodiversity in banana and pineapple farming

Bananas and pineapples are among the most popular tropical fruits. They are grown in countries like Costa Rica and the Dominican Republic where there is rich biodiversity. However, heavy agricultural use of the land means that many animals and plants are endangered. As part of the "Del Campo al Plato" initiative, the Gesellschaft für internationale Zusammenarbeit (GIZ) [German Agency for International Cooperation], the Global Nature Fund and the Bodensee Stiftung [Lake Constance Foundation] are committed to promoting the preservation of biodiversity. They therefore support stakeholders along the entire supply chain for bananas and pineapples. We support this communication campaign. You can find out more about the "Biodiversity bears fruit" campaign here.

### Healthy soil

Healthy and fertile soil is essential. It makes life on earth possible. Only soil that is in ecological balance can fulfill its important functions. If soil is not managed sustainably, it disturbs the balance in the soil, in the groundwater and in the agriculture. We have launched a new scientific project to promote sustainable agricultural activities in order to safeguard the fertility of our soil and therefore also the basis for the production of new foods. Working alongside us are the Leibniz Institute of Vegetable and Ornamental Crops (IGZ) and the Analytica Alimentaria GmbH laboratory. The project will run for 5 years. The project sites are in Germany, the Czech Republic and Poland.



### Best Practice

## Rainwater greenhouse in Chiemgau

On an area the size of 22 soccer pitches in Chiemgau, Kaufland and the Reichensperner family are growing strawberries, tomatoes and peppers all year round. Fruit and vegetables from Germany – including during winter? The new, state-of-the-art greenhouse makes this possible, and it is also one of the most sustainable in Germany. It only uses rainwater for watering, which is collected via the roof in a large outdoor pool of almost 50,000 cubic meters located next to the

greenhouse. A photovoltaic system has also been installed on the roof. The electricity it produces is only used in the greenhouse. In the future, the full heating requirement will be covered by geothermal energy.

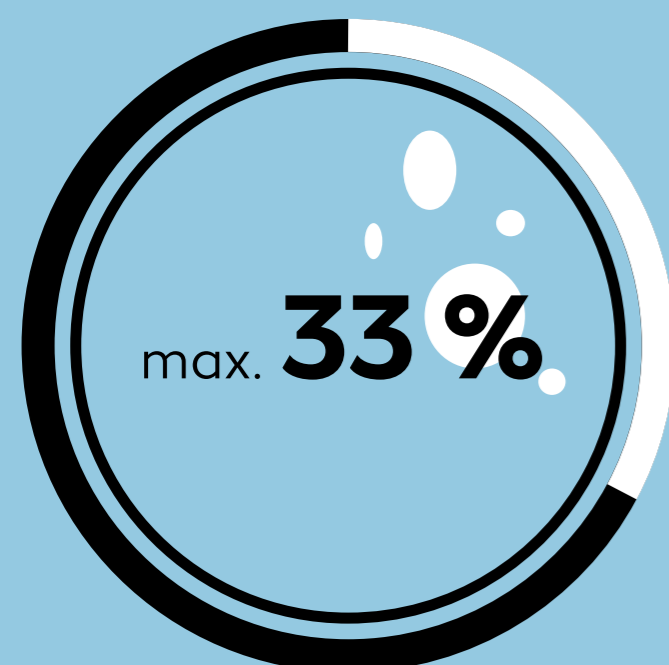
Around 30 hectares of flower meadows were also planted in the immediate vicinity to create habitats and refuges for insects, birds and small animals.

## Results for fruit & vegetables

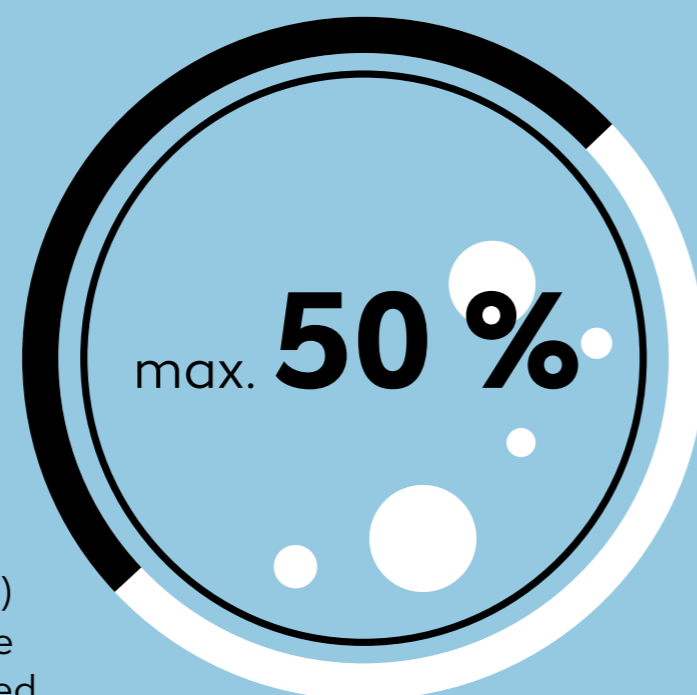
### What we have achieved so far

#### The strictest standards in the industry

For defined products, Kaufland specifies maximum residue levels for product and active substance combinations with binding specification values. A general specification applies at Kaufland for all other types of fruit and vegetables. This includes the following specification values:

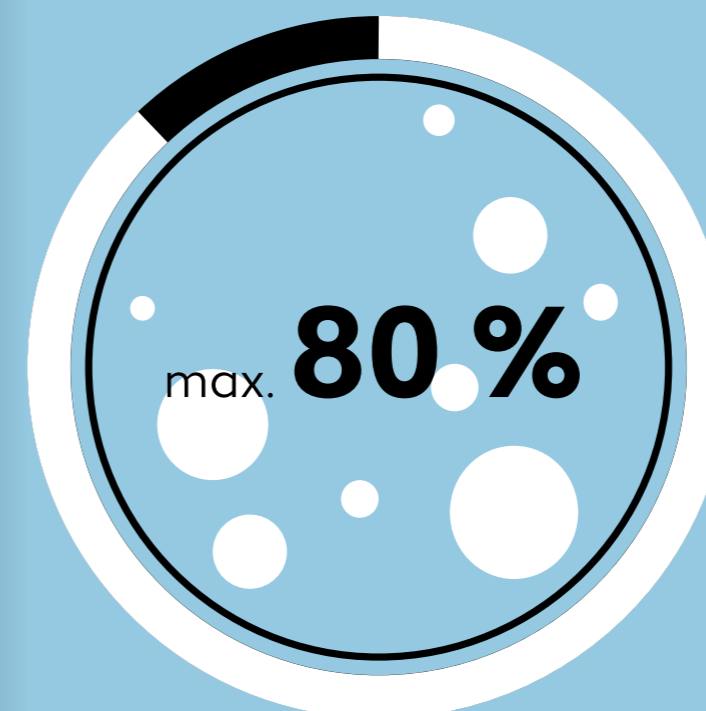
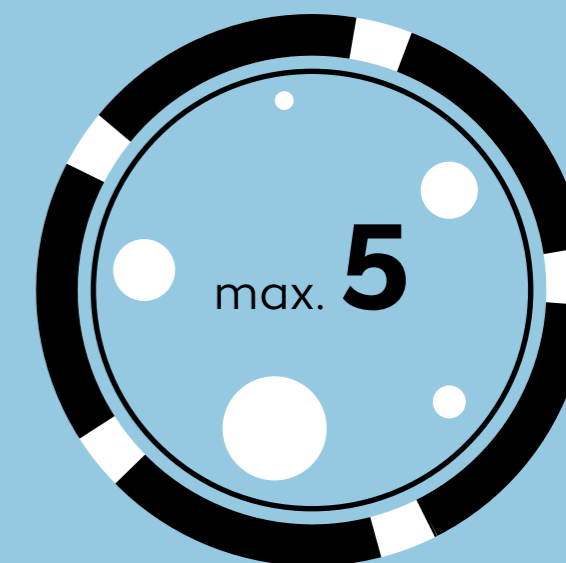


**Pesticide residues in the product** must not exceed a maximum proportion of one third (33 %).<sup>1</sup>



**For all active substances analyzed,** a maximum **acute reference dose (ARfD) usage** (toxicological evaluation) of **50 % applies in the sum** of all active substances. For this purpose, all analyzed percentage ARfD usages of the individual active substances are added up.

The number of active substances in the product must not exceed a **maximum of 5 chemically synthesized active substances** ( $\geq 0,01$  mg/kg).



**All analyzed residue levels** must not exceed a **maximum proportion of 80 %** of the legal maximum level **in the sum** of all analyzed active substances.<sup>2</sup>

We provide a comprehensive overview of our goals and measures for protecting plants and conserving biodiversity and their results, among other things, on our website "Our commitment to the wonder of biodiversity".

<sup>1</sup>The respective legal maximum content in the latest version of Regulation (EC) 396/2005.

<sup>2</sup>For this purpose, all analyzed percentage proportions of the individual active substances are added up. The active substances on the KL exclusion list for F+V must not be used in production or for post-treatment. The KL exclusion list for F+V currently includes over 200 active substances and is valid worldwide.

# Textiles

## Our measures at a glance

When you think of the food retail sector, you think automatically of food. But textiles also make up an important part of our company's assortment. It goes without saying that we take responsibility for the protection of our customers, suppliers, and nature and that we are making sustainable production our top priority.

Our aim is for our suppliers to use as little water as possible in the production of textiles and to minimize the use of chemicals and energy. We want to contribute to long-term sustainable resource management in order to ensure that future generations have access to clean water.

### Here's how we protect water as a resource in the production of textiles:

#### Regular water tests

Regular water tests at our suppliers' wet processing facilities are a key part of our chemical management. They enable us to find out which chemicals, if any, are ending up in the wastewater. We can then work closely with these companies to find ways to remove these substances from the water. In 2015, we also joined Greenpeace's detox campaign with the aim of eliminating hazardous chemicals from the production of textiles and footwear in order to protect people and the environment.

#### Only certified sustainable cotton

Growing cotton causes very high water consumption. In recent years, to reduce their water footprint, we have switched our own-brand cotton assortment and own-brand imports completely over to certified sustainable cotton (according to GOTS, CmiA, OCS). Organic cotton and more sustainable cotton use little or no chemical fertilizers or synthetic pesticides in comparison to conventional cotton.

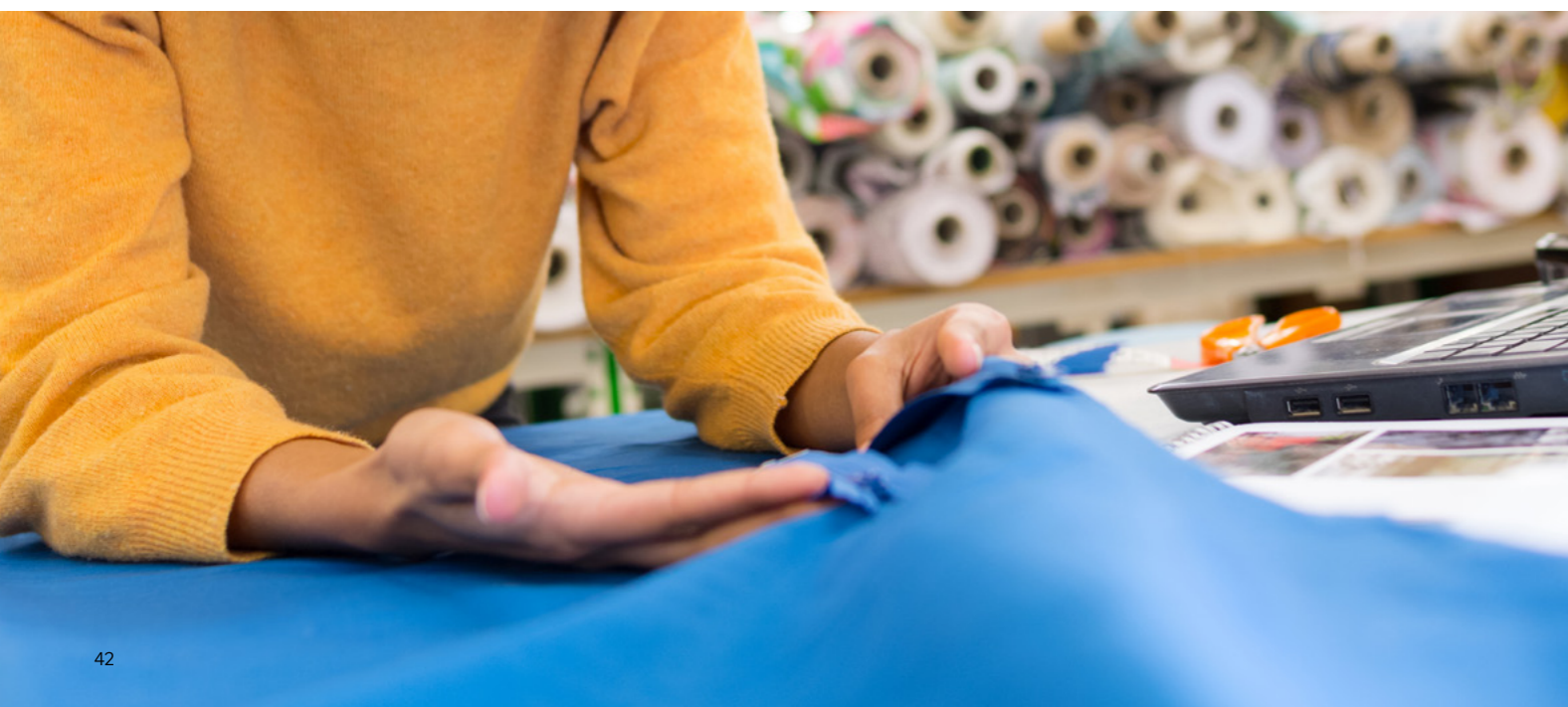
#### Water-saving dyeing processes

By using environmentally friendly dyeing processes (e.g. dope dyeing), manufacturers of the textiles we sell can sometimes avoid the use of water in this process step completely. It also means that fewer chemicals are used and less energy. Dope dyeing is a so-called spin dyeing process. This means that the synthetic fibers are already dyed during spinning by fusing the polymer with the color granulate and then spinning it. As well as using considerably less water and energy, carbon emissions for this process step are also reduced significantly. In 2021 and 2022, Kaufland sold bedding, microfiber blankets, fitted sheets, indoor and outdoor rugs, shapewear and sportswear, such as functional shirts, tops, shorts and trousers, in its stores that were produced using water-saving dyeing processes.



#### "Water saved"

Water is far too precious to waste. That's why we are always working on optimizing our manufacturing processes and using new resource-friendly processes to save as much water as possible. All textiles for which we have reduced our water consumption can be identified by the "Water saved" logo.



## Results

### What we have achieved so far

# 100 %

In 2021, 100 % of Kaufland's own-brand and own-brand imported cotton products were made from cotton certified as more sustainable.



#### At the cutting edge

In 2021, Kaufland eliminated all hazardous chemical groups, except heavy metals and flame retardants, from the manufacturing process for its own brands and own-brand imports in the areas of clothing, home textiles and footwear, in line with the Detox Commitment. This keeps Kaufland at the cutting edge.

## Animal products

### Our measures at a glance

Best fresh food, great taste: that's what our freshness promise guarantees our customers. We set the highest standards for our assortment of animal products, including fresh meat and sausages, fresh eggs, products containing processed egg and milk, and dairy products – not only for their quality, but also in terms of responsible production, which takes environmental protection and animal welfare into account.

Overall, animal products account for around 30 % of global water consumption for agricultural products<sup>1</sup>. Over-fertilization in farming, the use of pesticides and the clearing of key water sources such as the rainforest for the production of animal feed, as well as the use of veterinary medicines in livestock farming are just some of the reasons for this.

#### Here's how we protect water as a resource in the production of animal products:

##### Certified organic

We are constantly expanding our assortment of organic products. Our premise for this: all organic items are grown in strictly controlled conditions and are certified EU Organic. We are also supporting local organic farmers, building long-term relationships and promoting sustainable organic farming. We offer at least one organic alternative to the conventional product in every product group.

##### Better animal welfare, fewer antibiotics

If less medication is used in livestock farming, there is also less contamination of surface water and groundwater. We promote improved husbandry conditions and set high hygiene standards to minimize the use of medication in farm animals. We also help our contract suppliers to develop their own plans for reducing the use of antibiotics. We are committed to ensuring that antibiotics are not used in animal husbandry as a preventive measure or beyond what is therapeutically necessary. Reserve antibiotics for human medicine should also be avoided as far as possible.

##### For a plant-based lifestyle

A meat-free lifestyle leads to significantly lower virtual water consumption. That is why Kaufland sells its "K-take it veggie" own brand. We also offer alternatives for vegan and vegetarian diets which bear the internationally recognized "V-Label".

##### Deforestation-free, conversion-free and GMO-free soy

At Kaufland, we prefer domestically grown soy. We encourage and support contract farmers to use soy they have grown themselves. We are also making the use of soy as animal feed more transparent and helping to reduce the negative environmental impact. Our forests store CO<sub>2</sub> and regulate water cycles – to counteract deforestation, one of the main causes of climate change, we have set ourselves the goal of eliminating deforestation and land conversion from our value chains, especially for soy.

<sup>1</sup> [Waterfootprint.org, Mekonnen M.M. / Hoekstra A.Y., "A Global Assessment of the Water Footprint of Farm Animal Products", 2012, https://waterfootprint.org/media/downloads/Mekonnen-Hoekstra-2012-WaterFootprintFarmAnimalProducts\\_1.pdf](https://waterfootprint.org/media/downloads/Mekonnen-Hoekstra-2012-WaterFootprintFarmAnimalProducts_1.pdf)

# Results

What we have achieved so far



Kaufland has not sold **any beef from Brazil** since 2019, because, among other things, the species-rich Cerrado and Amazon basin ecosystems are massively under threat as a result of deforestation carried out during animal feed production and grassland development.



The Kaufland 'K-take it veggie' own brand range alone includes **60 products** that have been climate-neutral since June 2021. All products carry the "K-take it veggie" or "V-Label" logo.

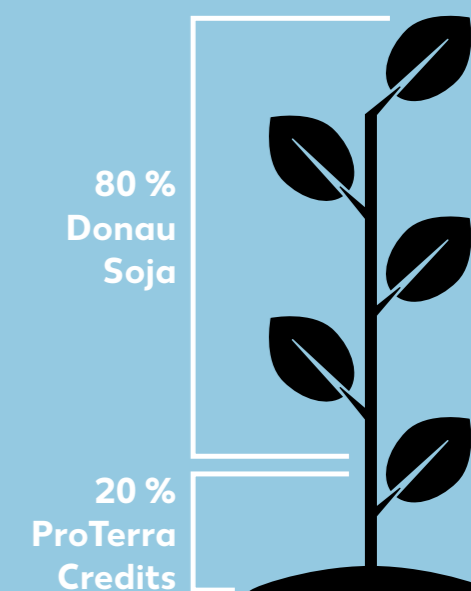
<sup>2</sup> Offset via certified climate protection projects – further details available at [kaufland.de/klimaschutz](https://kaufland.de/klimaschutz)

Over  
**1,000**  
brand items

Kaufland offers a wide range of over **1,000 branded** vegetarian and vegan products.

**100 %**

In January 2022, Kaufland achieved 100 % offsetting of the soy feed with unclear or unsustainable origins used for its own brand products of animal origin for a transitional period by investing in protein partnerships with **Danube soya** (80 %) and **ProTerra Credits** (20 %).



## Processed foods and their raw materials

### Our measures at a glance

For foods that are industrially processed or modified, such as bread and rolls, cheese or canned goods, convenience and frozen goods and their raw materials, water risks mainly arise in the early stages of the value chain: in agricultural cultivation, animal feed production and husbandry as well as the production of raw materials.

In addition to the measures we have taken for fruit and vegetables and flowers and plants (See section "Fruit and vegetables, flowers and plants"), we are also working on the issue of the production of raw materials, especially coffee, herbal and fruit teas and cacao, through initiatives that are committed to water conservation, among other things: Most of our own brand products in Germany come from certified farms and are certified as meeting internationally recognized standards like Fairtrade, Rainforest Alliance/UTZ or organic.

All three initiatives promote or demand sustainable farming methods that result in better soil quality. Healthy soil is able to store large volumes of water and gradually release it to plants. It also acts as a natural water filter. As the use of pesticides and artificial fertilizers is either regulated or banned, depending on the label, water pollution in farming areas is reduced or even avoided completely.

As is the case with Fairtrade, other measures for protecting water also result from premium payments and related projects. This means, for example, that farmers' cooperatives can use their premiums to build wells or hygiene facilities.

## Cosmetics & personal care products, detergent & cleaning products

### Our measures at a glance

In rivers or in the sea – microplastics are everywhere. As these small particles, which are invisible to the eye, do not break down easily or at all, their concentration in the environment will increase if companies, politicians and consumers don't take countermeasures. Kaufland is aware of its responsibility and has put corresponding measures in place:

#### (No) Microplastics Voluntary Commitment

As early as 2013, we agreed through our "(No) Microplastics Voluntary Commitment" to completely avoid the use of primary microplastics – fine plastic particles that are used in the industry for further processing – in our own-brand cosmetics and personal care products as well as laundry and household cleaning products. They were replaced by natural and renewable raw materials, among other things.

We have since extended our definition of microplastics as part of our overarching plastics strategy REset Plastic (see section "Less plastic"): in addition to the named plastic particles, it includes other non-biodegradable, synthetic polymers.

#### Label: Formula without microplastics

Using our „Formula without microplastics“ label, Kaufland customers can see at a glance whether microplastics are contained in one of our own brand products or not. The label refers to the formulation for the products, not to the packaging or carriers like towels or pads.



## Results

### What we have achieved so far

100 % 89 % 100 %

of Kaufland Germany's coffee assortment was certified by the Rainforest Alliance/UTZ or Fairtrade or certified as organic in 2021. Internationally, this was 82 %.

of the cacao for all of Kaufland's own brand items in Germany comes from certified cultivation and is certified by Fairtrade, the Rainforest Alliance/UTZ or certified as organic. Internationally, this is 72 %.

Kaufland Germany's herbal and fruit tea assortment (black, green, Rooibos) is certified in full by Fairtrade, the Rainforest Alliance/UTZ, Union for Ethical Biotrade or certified as organic. Internationally, this is 73 %.

## Results

### What we have achieved so far



#### Largely eliminated

In 2021, Kaufland eliminated microplastics and non-biodegradable, synthetic polymers as far as possible from the formulations for its own brand cosmetics and personal care products, as well as its detergents and cleaning products.



## Less Plastic

### Our measures at a glance

Plastic waste in rivers and seas not only pollutes the environment, these secondary microplastics also present an increasing risk for marine animals and birds. If animals eat these small and larger pieces of plastic that are produced during the use and disposal of plastic products, they may starve because their stomachs are full of microplastics, or they may become entangled in larger pieces of plastic, injure themselves and/or die in pain.

Numerous studies show that plastic constitutes the largest proportion of marine waste. Kaufland has developed, together with the other companies of the Schwarz Group, a plastic strategy, among other things, to reduce the littering of bodies of water with plastic: REset Plastic.



#### REset-Plastic

The aim of the joint REset Plastic strategy by the companies of the Schwarz Group, of which Kaufland is a member, is to rethink plastic – meaning to press the reset button and consciously engage with our use of plastic.

The joint strategy covers five areas of action: REduce, REdesign, REcycle, REMove and REsearch. The aim is to reduce unnecessary packaging and to recycle plastic as much as possible when it is used.

#### What we are doing to achieve more sustainable use of plastic:

##### 1. REduce

We are scrutinizing our own-brand packaging and analyzing the need for packaging. We are also checking all packaging to see whether we are using environmentally friendly materials or could use them to replace plastic.

##### 2. REdesign

Where packaging is necessary, we are making it more sustainable and recyclable wherever possible.

##### 3. REcycle

We convert waste plastic into recycling granulate – known as recyclate – and then use it to produce recycled packaging for many of our own-brand products. By reusing it in this way, we are supporting a sustainable disposal process.

##### 4. REMove

Every year in September, we have a clean-up campaign at the central Kaufland locations. Following the motto “Think globally – act locally”, employees from all departments get involved to remove, collect and recycle any recyclable materials that are already in the environment – especially plastic.



To avoid plastic waste, we take a holistic approach that ranges from the prevention of plastic waste to product design and recycling, right through to innovation and education. We use our “Consciously packed” logo to label our optimized packaging and make our measures for reducing plastic visible for shoppers.

# Targets

for achieving more sustainable use of plastic by 2025



# 25 % REdesign

For Kaufland’s own-brand products, an average of **25 % recyclate** should be used.

# -20 % REduce

In 2025, we want to be using **20 % less** plastic in comparison to reporting year 2017.



# 100 % REcycle

In 2025, **100 %** of our Kaufland own-brand packaging should demonstrate maximum recyclability.

## *Kaufland's operating and production facilities*

### **Our measures at a glance**

At Kaufland, we not only want to protect our waters from pollution and contamination with waste and chemicals, we also want to promote the efficient use of water resources. At our own sites, we place great importance on using water-saving systems in production processes and in construction measures.

#### **Kaufland meat processing centers**

At our Kaufland meat processing centers in Germany, we have also set ourselves the goal of continuously monitoring and reducing specific water consumption, while also complying with the high hygiene and cleanliness standards in production.

Good results were already achieved in 2020 and 2021 by purchasing energy-saving and water-saving technical equipment. The experience gained from this is now being used when planning new equipment and process optimizations.

## Our goals for more efficient use of water



#### **Ongoing efficiency**

Our requirement for the coming year at our German meat processing plants is the ongoing efficient use of water while maintaining the best results in terms of product quality and hygiene.

**20 %  
more  
sustainable**

The aim in the next few years is for our own store, logistics, production and administration buildings to be certified according to the EDGE standards (Excellence in Design for Greater Efficiencies). Our goal is for our use of construction materials, energy and water to be 20 % more sustainable by 2025 as a result.

Using water-saving taps and WC flushes at our new stores will also help to reduce our water consumption. Existing stores will also be gradually upgraded so that water consumption is reduced.



# Outlook





# Kaufland and more sustainable water management – what's next

Water is a precious commodity – and we also treat it as such. To do this, among other things, we work with various certifications, make sure we use water-saving materials and production processes for our textiles, are committed to protecting plants and biodiversity, avoid microplastics as far as possible, promote the sustainable use of plastic, and always work towards the efficient use of water resources at our own Kaufland locations. Kaufland has put far-reaching measures in place in recent years to achieve more sustainable water management. Sensitive and efficient use of water is part of our corporate due diligence and the basis for the systematic implementation of Kaufland's sustainability strategy.

The Kaufland Water Guideline highlights the risks associated with the irresponsible use of water and the global challenges, risks, and also the opportunities, presented by water management. It also shows what responsibility Kaufland is taking and the opportunities open to us to exert our influence as an international food retailer.

Kaufland faces the task of using water efficiently and continuously reducing water pollution and consumption along its value chain as well as at its own production facilities, stores and other sites. Our next step is therefore to approve a Kaufland water strategy, from which we will derive guidelines, KPIs, measures and goals. We will report about our progress transparently in the future.

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*The scarcity of global water resources caused by the growing population and climate change is one of the biggest challenges of our time. As an international food retailer, it is our responsibility, together with our partners, to establish the sustainable use of water. By putting numerous measures in place along the value chain and at our own business premises, we are already achieving success. Our next step is to integrate our commitment strategically.”*

Lavinia Ahmad, Head of Sustainability/  
Corporate Responsibility International

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**Our  
actions  
do the  
talking.**



**Kaufland**