



**ROSSMANN**  
*Drogéria Parfüméria*



**THE FIRST SUSTAINABILITY REPORT OF  
ROSSMANN HUNGARY**

*We know what you want*



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# CEO WELCOMING WORDS

Rossmann has been present on the Hungarian market for 27 years through which time it has become one of the key players on the drug store market. It is thanks to many years of hard work that Rossmann is now closing in on the top 100 companies in Hungary and has exceeded the annual sales revenue of HUF 100 billion. So we have entered adulthood, which also comes with maturity responsibilities.

Our economic sustainability and stability provide us with an opportunity to pay special attention to the environmental and social aspects of sustainability. We are aware precisely what economic, environmental and social impacts our activities have. Our strategic goal is to minimize the negative environmental impacts caused by our operations to the best of our ability, and to maximize our positive economic and social impacts. In addition to having a number of things to do, there are countless opportunities available to us through our nationwide network.

Our sustainability report is another milestone in Rossmann's life. We see that investing in sustainability results in a win-win situation. We would also like to play our part in achieving global goals at the local level. We will strive to keep our company moving forward on the path of sustainable development in which we want to work together with all our stakeholders.

*Flórián László* *Németh Kornél*



Flórián László és  
Németh Kornél

# INTRODUCTION

For women, young people and families we are an accessible, reliable, friendly, expert yet modern and trendy drugstore.

You already know our motto – **WE KNOW WHAT YOU WANT!**

You are reading the first sustainability report of Rossmann Hungary<sup>1</sup>. At Rossmann, we do a great deal to ensure our economic sustainability, to reduce our environmental impact, and for the well-being of the social groups that come into contact with us. Only a few see the whole picture as the actors who have relations with us - consumers, employees, suppliers, owners, local communities, non-profit organizations, the media - approach our company from different angles. Our customers know our products, our stores and our webshop. Our employees have a good insight into our company as a whole, but naturally most of them do not have the same depth into all corners of the operation. Our suppliers already know the logistics processes well, maybe they are our consumers at the same time, but from another point of view they do not have an overview of how we work. Although they may be the same distance from us we still have different relationships with the residents and other commercial units of Üllő.

As one of the most dynamically growing FMCG companies in Hungary we are aware that our activities have different impacts on the environment, society and the economy. Our environmental impact is substantial as most of the products we sell are packaged in plastic, and the raw materials of our products are not exclusively all natural materials. Furthermore, in order for goods to reach our consumers on time, in the right quality and safely, we need logistics processes that emit carbon dioxide. Indirectly, our partners and suppliers have additional impacts on the environment.

In addition to the negative environmental impacts our company has a number of important positive economic and social results, as our retail activities have an impact on the equilibrium between supply and demand, on employment and also the cash flow effects are significant. We are aware of the impact of our activities and take responsibility for them.

In our report, we focus on Rossmann's own brand products, as we have a direct impact on them. Below you will find the reflection of the activities connected mainly to the last two years, but the year 2020 will receive special attention.



*We know what you want!*

<sup>1</sup> Online, not holding it in your hands. We do not circulate our report on paper, if possible please don't print it out.

# THE HISTORY OF ROSSMANN

## COMPANY OWNERSHIP STRUCTURE

**DIRK ROSSMANN GMBH** is one of the largest drug store chains in Europe. The majority owners are the Rossmann family. Dirk Rossmann, the founder of the company, opened the first store in 1972 in Hanover. The headquarters is still in the close proximity of Hanover, in Burgwedel.

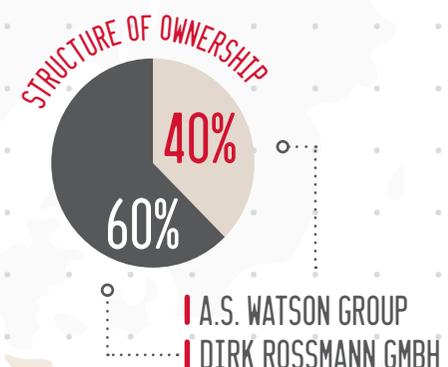
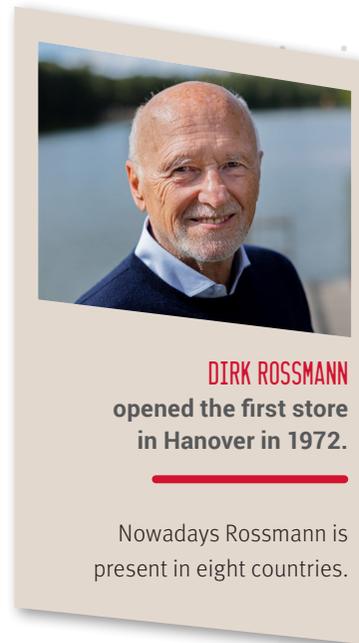
**AZ A.S. WATSON GROUP**, is the world's largest international health and beauty retailer, holding 40% ownership of Dirk Rossmann GmbH. A.S. Watson Group is present with over 16,000 stores in 27 markets worldwide serving over 5.9 billion customers every year.

**Their motto is:**  
putting a smile on consumers' faces.

**DIRK ROSSMANN GMBH-NAK** has around 56,300 employees in Europe and 4244 stores across Europe of which 2233 are in Germany. Nowadays Rossmann is present in eight countries outside of Germany including Poland (1993), Hungary (1993), the Czech Republic (1994), Albania (2009) and Turkey (2009). The brand has been present in Kosovo since 2018 and Spain since 2020.

## KENTAUR

The colours white and red are dominant inside and out, which is reflected in the ROSSMANN logo. Within the letter O in Rossmann the symbol of a centaur is integrated. This fairytale creature from Greek mythology symbolizes the name of the founder and owner, Dirk Rossmann.



## A.S. WATSON GROUP

16 000  
worldwide



presence in  
27 markets



140 000  
employees



## DIRK ROSSMANN GMBH

4 244  
stores in Europe

56 300  
employees

# INTRODUCTION OF ROSSMANN HUNGARY

The management of Rossmann Hungary consists of 100% Hungarian executives. There are 10 departments under the two person executive management. Managing director László Flórián is responsible for the operational departments (sales, procurement, marketing, IT, operations, expansion) and the support departments (HR, finance, logistics, revision) operate under the direct supervision of Kornél Németh.

Most business decisions are made locally. This is a sign of trust from the parent company.

## DECENTRALIZED CORPORATE GOVERNANCE

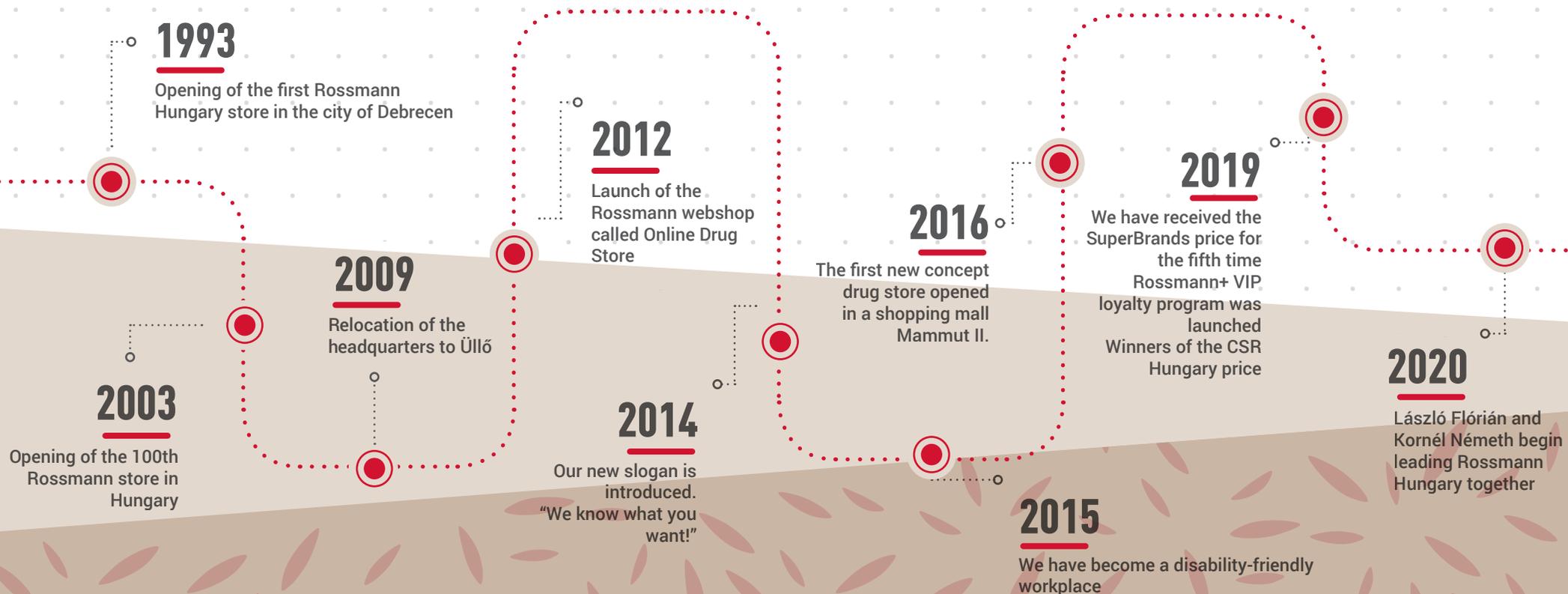
Rossmann Hungary's corporate governance style is similar to the corporate culture developed by the German parent company. We believe in clean, decentralized structures, short decision-making paths. We do not rely too much on written guidelines and codes of conduct. Our

experience confirms that this results in quick and flexible responses for our side.

By making decisions at the local level, we can adapt to the needs of the Hungarian population to the maximum. Our approach is customer-centric, supported by research and customer questionnaires in order to better understand our customers' expectations and needs.

## WHO IS RESPONSIBLE FOR SUSTAINABILITY?

From the Rossmann executive board, two managers are responsible for sustainability. The marketing manager is responsible for the sustainability strategy and the HR manager is responsible for the social responsibility aspects. They work closely together on this issue. In addition, sustainability related goals, decisions, measures, initiatives and programs appear in each department.





**16 000**

products

**100%**

Hungarian Leadership

**28**

own brands

**224**

stores nationwide

**130**

cities nationwide

**400**

suppliers

**ROSSMANN  
IN NUMBERS**

**2184**

employees

**12%**

of products are Hungarian





# Naturally Rossmann

## Rossmann and sustainability

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Dirk Rossmann has phrased precisely  
what sustainability means for Rossmann:

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”

*Sustainability is a process - we must not stop to strive and get better! We don't do this for our good conscience but for ourselves, our Earth and the future generations, to whom we will leave the result of our work.*

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*Dirk Rossmann, CEO*

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## ECONOMIC SUSTAINABILITY

At Rossmann Hungary we believe in this process-based approach as well. Our thinking on sustainability is of course closely linked to the angle of our parent company, mainly due to the fact that Rossmann's own brand products are developed in Germany.

Sustainable management is of paramount importance to Rossmann. We believe that all elements of sustainability can only be achieved if our company successfully performs and is able to provide the financial resources needed for environmental and social sustainability. Therefore in our interpretation of sustainability a long-term sustainable, economically successful company operation is of primary importance. Our continuous positive business development, operational efficiency and, among other things, the cost-effective operation of corporate processes are the tools for environmentally friendly management and for a greater emphasis on social issues.



## WE HELP OUR CUSTOMERS

As a drug store chain we work in a sector that has substantial environmental impact. Rossmann offers innovative own brand products with a number of sustainable alternatives to the customers. But it cannot be the brand's promise to stop selling plastic from tomorrow. However we act responsibly and work hard to make our eco-friendly assortment even larger, to have our customers acquainted with sustainable products, and to provide them with the opportunity to make sustainable purchases at an affordable price.

## BCSDH

We firmly believe that sustainability is an area where partnerships and thinking together has special importance. Our executive director László Flórián joined the Business Council on Sustainable Development of Hungary (BCSDH). Through our membership, together with the Hungarian market players we work on how to actually implement sustainability practices and support our activities with new and innovative solutions. Our Executive Director helps the work of BCSDH as a member of the Advisory Board as well.

**OUR SUSTAINABILITY REPORT IS OUR STATEMENT OF INTENTION TO PROVIDE A HELPING HAND AND ALSO THE BASIS FOR OUR ACCOUNTABILITY.**

# CUSTOMERS - WE KNOW WHAT YOU WANT

## WE WORK FOR OUR CUSTOMERS

We know what our customers want. It is our mission for our customers to feel more beautiful, more neat and healthier and for their homes to feel cleaner. It is important for us to provide the most suitable selection, competitive prices, high quality and courteous service, according to the needs of our customers. At Rossmann we work in all areas to meet customer satisfaction and needs.

## WE KNOW THE DIFFICULTIES OF SUSTAINABLE LIVING

We know that a growing number of our customers would like to live in a more sustainable manner however this does not only lead to happiness and satisfaction but also needs a strong level of commitment and dedication. Conscious living and the related shopping is time consuming as one needs to get to know the alternative options, the new ingredients and has to find the places to buy them at. Our customers may have also experienced the sustainable products to be more expensive than the traditional ones.

This could be for several reasons:

- the production and manufacture of sustainable products costs more,
- reputable third-party certification imposes additional costs,
- and organic materials are also more expensive than alternatives produced in bulk with chemicals.

At Rossmann we have decided to help unlock this frustration. We as well also have our boundaries. We cannot solve all problems nor can we withdraw all plastics from the market. However, with our responsibility, we do everything we can to help you navigate through the myriad of information.

MOREOVER,  
IT IS NOT ALWAYS CLEAR  
WITH WHAT ACTION WE  
ARE ACTUALLY DOING  
GOOD, AS AN ISSUE CAN BE  
APPROACHED FROM MANY  
ANGLES.

## WHAT CAN WE DO?

We show what kind of alternatives we provide with the affordable own brand products. We introduce the sustainability elements of the assortment one by one. With humour but scientifically based educational content, we help you learn about sustainability issues and solutions. We also have the influencers in social media to help us with that. Together with them, we present the small steps we can take for our environment. Don't forget together we can do even more for our Planet. We are partners in this.

We are doing this in a way that does not further exacerbate climate anxiety and raise new unrealistic expectations. On the other hand, we provide opportunities for you to shop sustainably.

DON'T FORGET  
TOGETHER  
WE CAN DO EVEN  
MORE FOR  
OUR PLANET.

# Sustainability milestones of own brand products

Introduction of the first four Rossmann own brands Babydream, Facelle, Sunozon and Winston.

1997

2000

Rossmann introduces the Alterra Naturkosmetik own brand.

EnerBio emerges on the market with a comprehensive selection of organic food.

2003

The first disposable diapers branded Babydream with the German eco-certification “Blauer Engel” are placed on Rossmann’s shelves.

2019



The first products marked “Climate Neutral” are launched.

2020

In addition to Naturland, some enerBIO products also hold Bioland certification, which means an even higher level of bio-compliance.

## OUR PRODUCTS

The key to consumer satisfaction lies in our products. Rossmann Hungary offers 16,000 products in line with market trends and the assortments of drug stores. In addition to the permanent selection, there are also recurring products that return every year during the holidays or adapt to certain seasons, such as insects or sunbathing.

### OWN BRAND PRODUCTS

Rossmann’s own brand products have developed to be key to the company’s success over the past 20 years. All of the 28 Rossmann brands can be found on the shelves of Hungarian stores and thus the number of own brand products available in Hungary is more than 4,200.

The own brand products are reliable and subject to high-level quality controls during German production. These products offer alternatives to more expensive, branded products. This is also valid for the environmentally friendly products which we offer in good quality and at low prices.

# WE KNOW PRICE IS IMPORTANT

Us Hungarians are price sensitive. Not only what we buy is important to us, but also how much we can buy it for. We want to help our consumers in supporting their own economic sustainability. Therefore at Rossmann, we make sure we always have discounted products. By regularly fluctuating the items in the promotion, we support more economical shopping for our customers.



## NEWSLETTER

Another environmental burden can be linked to the promotions, the newsletters. Being aware that most of them will end up in the trash in a short time - hopefully in the selective bins - we are introducing alternative means to replace all or part of the printed versions. Our e-mail newsletters and promotional brochures, the Rossmann application, and our advertisements on other digital channels all serve this purpose. Hence, since 2018, we have reduced the number of printed newspapers by 1 million. This saves more than 700 tons of paper per year. Our goal is to further reduce the number of printed newsletters over the next 3 years, optimally halving the amount of paper used by then.

## NATURALLY ROSSMANN

We want to introduce more and more of our environmentally friendly products to our customers, therefore from 2021 we will give them a special place in our campaigns as well. We launched the spring campaign of 2021 with the slogan "Naturally Rossmann". We have selected products that our consumers can pamper themselves with in a sustainable way. In addition to our products, we provide support for tackling everyday eco-dilemmas, through discounted access to the book "Is it Really Green?".



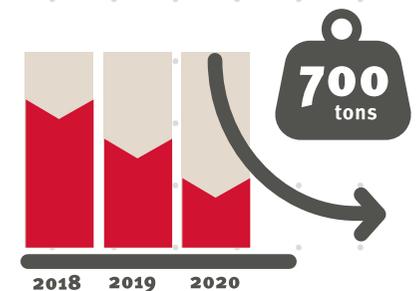
## WE AWARD YOUR LOYALTY

We thank our consumers for their trust and loyalty with the Rossmann+ program. The discount card was created to provide even more support to our loyal shoppers. The Rossmann+ VIP Program is for our most loyal customers within the Rossmann+ program. Almost 1,300,000 people have already registered at our Rossmann+ program, we thank them for their trust! Through the discount card we get to know each other better, we hope that we will be able to provide more and more personalized offers in the future.

## ROSSMANN+ BECAME GREENER

The Rossmann+ card also gave us the opportunity to introduce serious digitization improvements and thus reduce some of its environmental impact. The previously used paper-based 10% discount coupon delivered to mailboxes has been a favorite of shoppers for many years. In 2018 we digitized this coupon letter and in 2020, with the launch of Rossmann+ VIP we made our most loyal customers eligible for additional discounts on a quarterly basis. As a result, a lot of paper was saved.

promotional newsletters





## QUALITY ASSURANCE AND QUALITY CONTROL

The price of our products does not go to the detriment of quality, our customers can be sure that the quality of our products is consistently high. We work with mature and reliable technologies. In Germany, where the products are manufactured, a so-called “Rossmann risk matrix” was introduced in 2011 specifically to make own brand products safe. The purpose of the system is to guarantee the safety and legal compliance of Rossmann’s own-brand products by involving independent, accredited institutes and laboratories. In addition to the legal and Rossmann-defined parameters, environmentally relevant aspects also play a role.

## EXCELLENT PRODUCTS

The Alterra Naturkosmetik and the enerBIO food brand have met the criteria for the internationally acclaimed GREEN BRANDS certification for the fourth time. GREEN BRANDS highlights brands that take the values of environmental protection, climate protection and sustainability seriously. Alterra Naturkosmetik and enerBIO have, with the strong focus on environmental protection and sustainability in production, processing and packaging of the products, convinced the certification jury in a self-evident manner.

## CERTIFICATIONS

Conscious product selection is playing an increasingly important role in everyday life. Protecting their health and the environment also influences our customers to choose more carefully what goes into their cart. We have recognized the emerging customer needs and are trying to provide guidance to them in our stores and in our Online Drugstore by using uniform certifications. The quality and environmental marks of our own-brand products are good examples of our consistent focus on high-quality and sustainable products. These quality marks provide consumers with a conscious, sustainable lifestyle with adequate information about the ingredients and other properties of products, such as packaging characteristics.



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**GET TO KNOW OUR LABELS SO THAT YOU CAN  
MAKE INFORMED DECISIONS DURING YOUR  
PURCHASES.**

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# Environment-friendly solutions

## ORGANIC

Products made from plant and animal raw materials that do not contain any fertilizers or synthetic non - toxic substances.

## NATURAL PRODUCT

Products with Nature certification are genuine natural cosmetics that contain unprocessed natural material of plant or animal origin.



## VEGAN

The product does not contain any animal ingredients or ingredients derived from animals.



## NATURAL COSMETICS

Natural cosmetics are cosmetics that do not contain artificial additives, fragrances, colorants or silicones.



## ÖKO-TEST

The product passed the health and environmental testing.

# Protecting the forests

## PEFC

Certification covers sustainable forest management and management of ownership.



## PALM OIL FREE

Palm oil production requires huge-scale deforestation



## FSC

By extracting the wood used as raw material for paper, the forestry industry does not threaten the sustainability of the forests and its habitat by managing this resource in a way that is constantly renewed.

## MICROPLASTIC FREE

The product does not contain microplastics, meaning plastic pieces smaller than 5mm.

## BPA-FREE

BPA-free products do not contain the industrial chemical used to make certain plastics and resins.



**Solutions to reduce plastic-related problems**



**Food allergies**

## LACTOSE-FREE

The term lactose-free can be interpreted in three ways: a product that is in fact lactose free, a lactase-containing product, or a product with lactose below the limit. The lactose content of the milk product in the ready-to-eat state is less than 0.1 g / 100 g or 100 ml.

## GLUTEN-FREE

Gluten sensitivity is not caused by gluten itself, but by one component of gluten, gliadin.

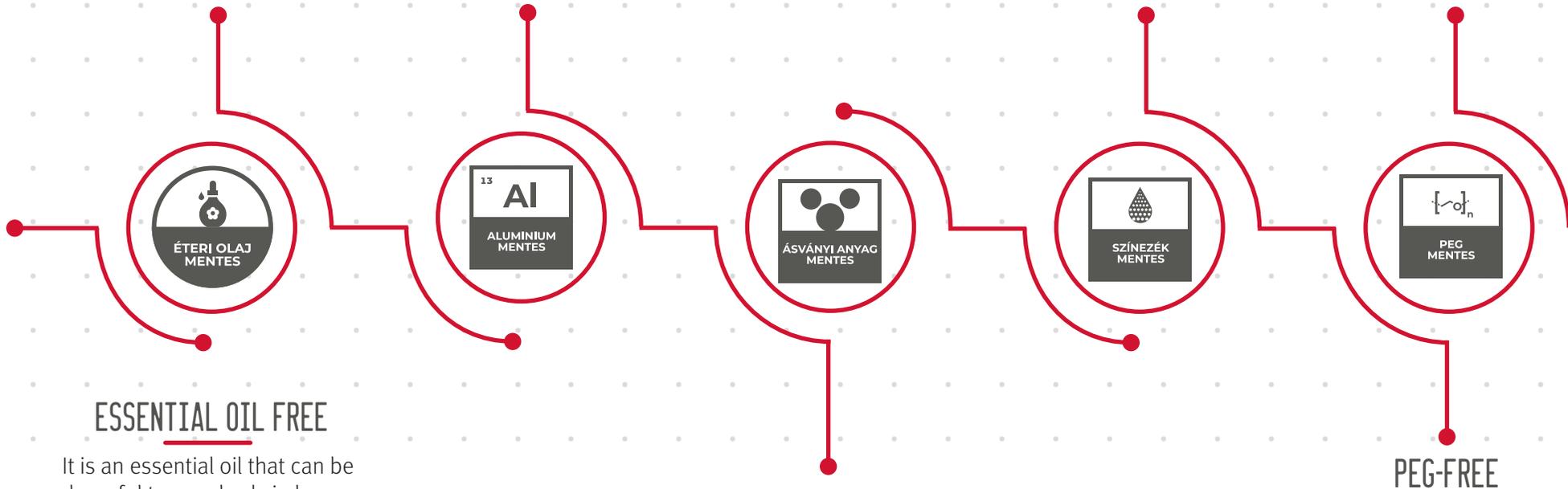
# Toxin-free products

## ALUMINIUM FREE

The deodorant is free of aluminum, so it does not contain the material that prevents sweating due to its pore-tightening effect.

## DYE FREE

The products contain only natural dyes, thus protecting our skin from harmful substances.



## ESSENTIAL OIL FREE

It is an essential oil that can be harmful to your body in larger quantities.



ÁSVÁNYI ANYAG MENTES

## MINERAL-FREE

The mineral-free products do not contain harmful substances.



PEG MENTES

## PEG-FREE

PEG compounds are mild irritants, but a bigger problem is that they help a wide variety of compounds to pass through the skin surface, including harmful contaminants.

# Toxin-free products

## SILICON FREE

Silicone is a polymeric plastic that pollutes the environment even during production because it is unable to degrade naturally. The ingredient forms a „protective layer” on the skin and seals it.



SZILIKON  
MENTES

## PARABEN FREE

Parabens can affect estrogen production, accumulating in the skin can also enhance the harmful effects of UVB radiation, not to mention accelerating skin aging.



PARABÉN  
MENTES

## LINALOOL FREE

Linalool is a fragrance found in cosmetics that is harmful to the body when applied to the skin.



LINALOOL  
MENTES

## PARAFFIN FREE

Petroleum products clog pores, settle on the skin, prevent skin respiration and detoxification, disrupt healthy fat formation, accelerate the formation of wrinkles and loss of skin elasticity, as well as cause allergic reactions, acne and addiction.



PARAFFIN  
MENTES

## ODORLESS

Odorless products have been developed for odor-sensitive customers, e.g. expectant mothers, babies, young children, people with sensitive skin, eczema. Odorless products do not contain allergenic fragrances and do not disturb the user.



ILLATANYAG  
MENTES

## PERFUME-FREE

The perfume-free products have a fresh, clean scent. The pure smell of the raw materials can be recognized in them.



PARFÜM  
MENTES

# INNOVATION

Sustainability plays a strategic role in the development of Rossmann products, as a result of which we strive for continuous innovation. We constantly look for new solutions and to implement new ideas. We react flexibly and quickly to changes, based on market trends, we strive not only to meet, but also to shape future customer needs. With innovation, we are fundamentally looking for solutions to environmental problems in order to reduce our environmental footprint. Although the examples below are related to the German production, their messages and relevance are of equal importance to domestic consumption.

## SUSTAINABLE PALM OIL

Our responsible behavior begins with our cooperation with our suppliers. We are aware of the problem that palm oil production is one of the reasons for deforestation. That is why, where possible and reasonable, we do not use palm oil in our own branded products. In addition, Rossmann as an active member of the **ROUNDTABLE ON SUSTAINABLE PALM OIL (RSPO)** and the **FORUM FOR SUSTAINABLE PALM OIL (FONAP)** supporting sustainable oil palm cultivation. In 2019, 95% of Rossmann brands contained certified palm oil.

## MICROPLASTICS FREE COMPONENTS

Microplastics - that is pieces of plastic smaller than 5 mm - burden the environment, as the small particles can travel long distances through the water networks. Rossmann has set itself the task of replacing microplastics-containing ingredients with alternative materials as far as technology allows. That is why, since 2013, we have not used exfoliating ingredients containing solid microplastics in our own brand cosmetics. Instead, we work exclusively with natural materials in order not to overburden nature unnecessarily. Within the Rossmann cosmetic brands more than 800 products no longer contain microplastics.

## PROTECTING OUR WATERS

We do not only protect our waters by reducing microplastics. In addition to providing the best possible UV filtration, our Sunozon brand also wants to keep the product's impact on the environment to a minimum. The "We Love the Ocean" Sunozon product line protects not only sun-sensitive skin, but also the ocean ecosystem by not incorporating substances into its ingredients that are harmful to corals.

## CLIMATE NEUTRALITY

We are working on climate-neutral Rossmann products. This means that the production of a given product - beginning from the raw materials through transport until the products are placed on the shelves - does not affect the climate. In case of unavoidable emissions, Rossmann invests in climate protection projects in return. These products are marked with "Climate Neutral" labels of ClimatePartner.

<sup>3</sup> The „Microplastic-free recipe“ certification applies only to the ingredients of the product, but not to packaging or the holder.

# PACKAGING

The German designers of Rossmann prioritize the most environmentally friendly packaging solutions for their own branded products. As the best waste is the one that is not even produced, avoidance is the number one consideration. So wherever possible, we don't use packaging. However, due to quality assurance and product properties, this is only possible within certain limits.

## #1 AVOIDANCE

As the best waste is the one that is not even produced, avoidance is the number one consideration. So wherever possible, we don't use packaging. However, due to quality assurance and product properties, this is only possible within certain limits.



### EXAMPLE:

We do not use cardboard boxes, paper labels, resealable labels, packaging boxes, inner bags for more than a hundred enerBIO products. With this method, we save around 48 tons of packaging material per year. Just by omitting the use of the enerBIO flaxseed carton packaging alone, we have saved almost 16 tonnes of paper.

**48 tonnes**  
of packaging  
material saved



**16 tonnes**  
of paper  
saved



## #2 REDUCTION

Reducing packaging can also be done through thinning the wall thickness of the packaging of the material itself. Our limits in this area are set by product safety and proper usability.



### EXAMPLE:

We have reduced the weight of the 500 ml soap dispenser of the Isana brand since the beginning of 2019. In parallel, we started using recycled plastic for the packaging of the soap dispenser. This saves almost 25 tons of PET material per year due to the significantly reduced material thickness.

**ISANA 500ml**  
weight reduction of  
soap dispenser



**25 tonna**  
of PET material  
saved per year



## #3 RECYCLED MATERIALS

We want to contribute to more and more waste staying in circulation and thereby helping to reduce resource use. Packaging is therefore increasingly made from recycled materials.



### EXAMPLE:

The packaging of more than 30 Domol products (bottle or cap) are made entirely of recycled plastic. This saves 830 tons of newly produced plastic per year.

30 product packaging made of recycled plastic



830 tonnes of newly produced plastic per year



## #4 RECYCABLE PRODUCTS

Circular economy encourages us also to make the materials used to package our own branded products recyclable and thus provide an opportunity for a longer life span.



### EXAMPLE:

By using perforated foil packaging, we increase the recyclability of our packaging. For optimal recycling, the foil, bottle, and caps must be collected selectively, as selective collection increases the rate of recyclability.

increase the recyclability of our packaging



selective collection increases the rate of recyclability



## BRANDED PRODUCTS

In our stores, not only do we find environmentally friendly goods among our own-brand products, but this trend is also becoming more and more pronounced among other branded products. Typically, product components free of substances harmful to nature and the water base, the replacement of chemicals with natural alternatives and the exemption of microplastics are becoming more and more prominent. Suppliers are increasingly favoring recyclable or recycled, degradable packaging, and bamboo and paper-based packaging is also spreading rapidly.

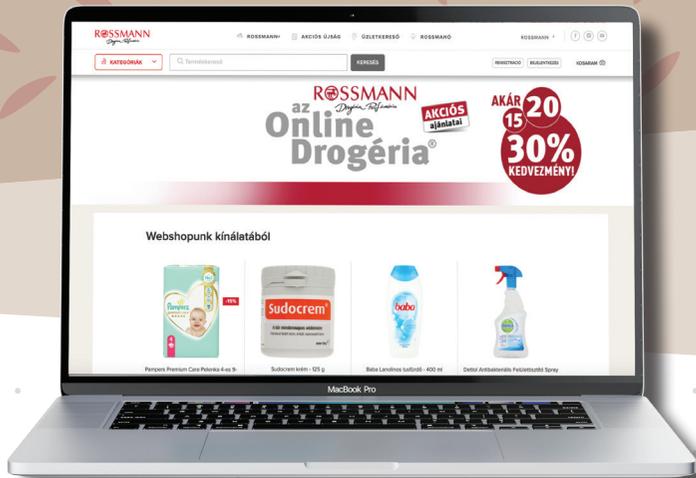
## HUNGARIAN PRODUCTS

We support new, Hungarian innovative brands. With this, we can directly contribute to supporting domestic entrepreneurs and having a positive impact on the Hungarian market. It should not be neglected either that acquiring of domestic products also has an impact on the reduction of environmental impacts, as procurement routes are significantly shortened. Hungarian products now make up 12% of our entire range. They are of higher percentage for healthy products, foods, dietary supplements, facials and eco-organic products in general. Our consumers also support shorter purchasing routes, with a 1.5% increase in turnover over the past year.

## STORES

Our consumers can shop in 130 cities and 224 Rossmann stores. Both the selection and their placement are tailored to the needs of the customers. Our stores can be easily and quickly over-viewed. The placement of each category is logically related to each other. For an easier approach, the daily-used cosmetics at the front of the store. There are separate rows for household cleaning products and products related to baby care, the decorative cosmetics and facial, body care products are located next to each other, followed by reform food and dietary supplements and vitamins by the checkout. We make sure that new items appear quickly on our shelves and there is always a seasonal selection.





14 000

• available products in the Rossmann Online Drugstore

22

• sustainable labels

884

• description of own products

## WEBSHOP

More and more people prefer online shopping. In order to serve our customers as quickly and efficiently as possible, we have introduced a number of changes over the past year.

There are currently 14,000 products available at the Rossmann Online Drugstore, but we are working to add the full range to our online assortment. Since the beginning of 2021, the Online Drugstore has been offering our conscious shoppers a new feature: 22 sustainable certification labels can already be found in the descriptions of 884 own brand products. We see more and more people searching by using eco-friendly keywords. Rossmann's long-term plans include extending the ratings to supplier products<sup>5</sup>.

## COMPLAINTS HANDLING

Feedback from our consumers is important to us. Our customers have the opportunity to form an opinion about our products and services through several forums. A complaint book is available in person in the shops. We also accept consumer reports at our central contacts (phone, email, messenger). We try to respond to the inquiries as soon as possible, usually thanks to the automated salesforce system it takes about 3-5 days.

<sup>5</sup> Questions related to the logistics processes of the Online Drugstore are detailed in the Logistics chapter.



*Our employees represent  
the most important value for our company.*

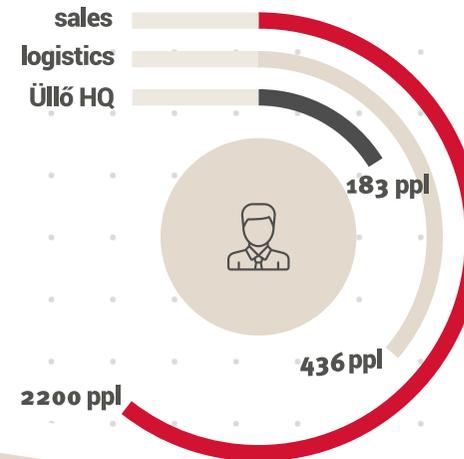
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# WE KNOW WHAT OUR EMPLOYEES WANT

Rossmann has nearly 2200 employees in Hungary. Among the employees 183 work at the headquarters at Üllő, 436 in the logistics area and 1565 in sale<sup>6</sup>. Within sales 378 people are active in Budapest and 836 work outside of the capital.

## employment

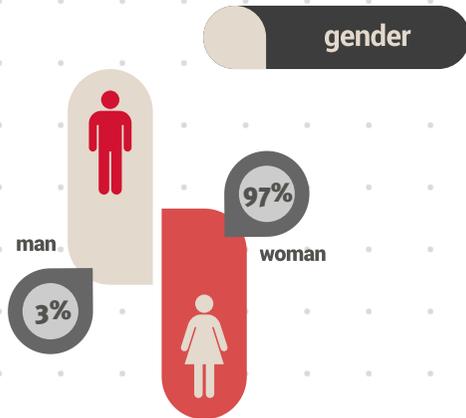


Our employees represent the most important value for our company. Therefore within social sustainability our responsibility towards our employees stands on high ground. We are a stable, reliable workplace, maintaining it is one of our highest priorities. During **COVID-19** such reliable work places like ours have gained value as at Rossmann nobody was made redundant due to the pandemic. We pay attention to the needs of our employees and strive to respond to them to the best of our abilities. We believe that it is good for everyone to have the right person in the right job.

<sup>6</sup> April 2021 status.

## GENDER

At our company women get the lead role and this is also the case among our employees, as within the company the proportion of women is 94.7%. This ratio in management is 25%.



### ration of women within all employees

## DISCRIMINATION

Rossmann keeps in mind the principle of equal treatment in all its decisions. We are committed to creating and supporting an inclusive workforce. We do not tolerate discrimination and do not allow exclusion on the grounds of religion, belief, disability, age, sexual orientation, race or ethnicity. Our employees have not reported any cases of discrimination at our company until this point.



### ratio of women in leadership

## DIVERSITY

Our commitment to diversity supports equal opportunities. Our focus is on groups who, for some reason, find it more difficult to find a job in the labor market. Rossmann pays special attention to the employment of people with altered working abilities. Within an institutionalized framework, we employ 40 employees with altered working abilities in the logistics field, but in the future we would also like to provide them with employment opportunities in the sales field as well.



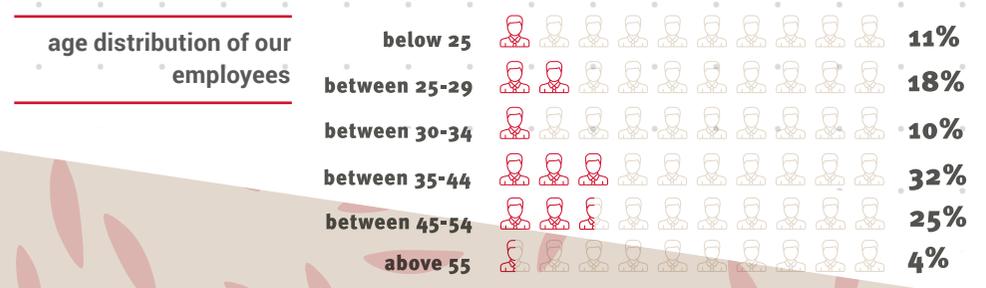


Every year, the Salva Vita Foundation awards Disability-Friendly Workplaces to support the employment of people with disabilities looking for work. In 2015, Rossmann was awarded the Disability-Friendly Workplace Award, and in 2017, he was ranked prominent in the “Recruitment and Selection” category.



Our commitment to diversity is also reflected in the age distribution of our employees. We consider it important to provide employment opportunities for people in age groups who have a more difficult time finding a job in the labor market. Therefore, we display already in our job advertisements that we welcome

applications from employees over the age of 50, as their experience contributes to increasing the efficiency of the processes.



# EMPLOYEE ENGAGEMENT

**we measure employee engagement since 2013**



We count on our employees in the long run, so employee engagement is a top priority for us. However, to know what our employees want, we need to be aware of how they feel at our company. Therefore, we have been measuring employee satisfaction since 2013 with the help of an external company. Based on the main messages of our employees and the areas to be developed, we outline below what Rossmann is doing to increase employee satisfaction.

## WE GIVE SPACE TO IDEAS

We are a company that is constantly evolving, providing space for individual ambitions and ideas. The management is open to innovation and welcomes employees' ideas. There are many opportunities for our employees to share their suggestions through, for example, department discussions, management and mid-management meetings, the Chatbot messaging interface or through the box of ideas in the logistics area.

## WORK-LIFE BALANCE

Our company strives to improve work-life balance. To this end, we have introduced various measures. Working through the home office is available for those working at the headquarters, at the logistics office and for the area managers. The use

of a sliding work schedule (flextime) to support individual needs is a well-established practice. We have introduced a reduced working day on Fridays for those working at the headquarters and thus extended the weekend rest time-frame.



We make it easier for employees in Budapest and the surrounding areas to get around with company bus services. The buses provide shorter travel times, more comfortable and hygienic conditions for staff working in logistics and the headquarters.

We support the work-life balance of our employees working in the stores in many ways. The opening hours of our stores are different, we strive to accommodate and assign our colleagues based on their personal needs. The balance between private life and work is supported by the fact that, as a result of the simplification of store processes, our employees have to spend less time on preparation and post-processing before opening and after closing.

### PART TIME EMPLOYMENT

The work-life balance is also intended to be supported by the possibility of part-time employment in certain areas. In the stores it is possible to work 4 and 6 hours on request. In the field of logistics, we provide 4 or 6 hours of work opportunities for colleagues with altered working abilities. Mothers returning from maternity leave in any area can do their work during the working hours of their choice.

### HEALTHY LIFESTYLE

We pay attention to the health of our employees. We believe that only a physically healthy and mentally balanced employee can perform well, work efficiently and cheerfully. We believe that caring for our employees will pay off and they will be just as committed to our company

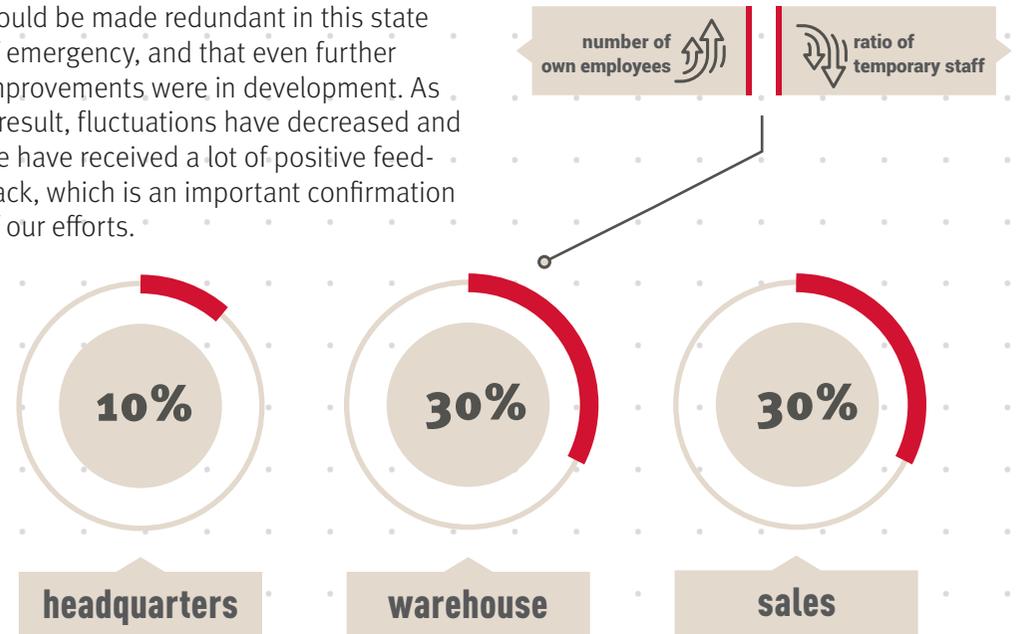
as to their health, so we can count on them in the long run. Therefore, outside the pandemic period, we provide mobile health services and other preventive screenings to colleagues at the headquarters and the logistics at least once a year, supplemented by non-standard screenings. We also pay attention to the daily health of our employees, with free fruit, multivitamins and access to filtered and purified water. There is no space suitable for sports in our facilities, in return we support their sports activities by providing corporate employee discounts to sports facilities.



### FLUCTUATION

The degree of fluctuation in our company varies from area to area. At the headquarters this indicator is below 10%. At the warehouse it is nearly 30% after more than doubling the number of employees (the number of own employees increased from 150 to 400) in parallel with reducing the proportion of temporary staff. At the stores we managed to slow down the fluctua-

tion, it is also below 30%. This is partly due to the measures taken during the COVID-19 pandemic and hence it is a sign of gratitude from the staff for being assured at executive level that no one would be made redundant in this state of emergency, and that even further improvements were in development. As a result, fluctuations have decreased and we have received a lot of positive feedback, which is an important confirmation of our efforts.



# WAGE POLICY

We know that both material and moral recognition is important to our employees. At Rossmann, we strive to have annual wage development. We also monitor market conditions, competitors and market changes when it comes to wages. The differences in salaries among employees is related to the time spent at the company and, in terms of stores, it is linked to the location (Budapest / outside of the capital).

In order to provide opportunities for development, we regularly evaluate the performance of our employees and help them with recognition and constructive feedback. Our company uses a performance appraisal system to ensure that wages are not subjective and are predictable for all parties. The annual evaluation by managers is recorded in the corporate system and, depending on the result, we provide colleagues with participation in trainings (ie. communication, change management, stress management).

In addition to wages our employees receive a wide range of benefits (ie. company car, Rossmann VIP Gold membership, own brand gifts, social benefits). The elements of fringe benefits are constantly being developed.

## POTENTIAL FOR GROWTH

We provide development opportunities for all our employees, the extent and type of which depends on the field and position in which they work. Our training opportunities are closely related to the skills needed to do the particular job. For colleagues at the headquarters the type of training ranges from specific professional training, through language teaching to even mental hygiene lectures.

### Rossmann Academy



In the field of sales, the Rossmann Academy plays a central role, as this is where sales management training takes place. We do not forget about our leaders either, they have leadership coaching and senior management development available to them.

# TALENT MANAGEMENT

We consider talent development important, for which we have created a special program. Talented future leaders were able to participate in the TEVE program and we helped the development of y-generation employees through the Y-gen program.



# COVID

It is difficult to mention 2020 without touching the COVID-19 pandemic. Our corporate management had to constantly adapt and take immediate decisions and actions in all areas of corporate operations.

Our number one priority was to ensure the health and safety of our employees. We took immediate action to protect our sales staff as well as our consumers. From the first days, the workers were provided with protective equipment such as masks, rubber gloves and hand sanitizer, and a plexiglass wall was placed at the cash registers. In addition to daily fever measurements, we perform continuous, group testing, even based on individual needs if required. We have introduced a staff limit at the headquarters. We perform continuous ozone disinfection in all areas (store network, logistics, headquarters) and introduce extra disinfectant cleaning. In case of Covid infection the related community is screened and the store or affected area is disinfected.

We consider it important that colleagues feel safe outside of their workplace as well. During the pandemic we continuously provide health packages for all colleagues for private use, in addition to the mandatory protective equipment. In addition, we help our colleagues with internal communication to protect their own safety.

COVID has accelerated the digitization process at Rossmann. In a few days, the company switched to online operations. Most of the communication with each other took place on digital platforms. As a result we use less paper, energy and burn less fuel.

**THE HEALTH AND SAFETY  
OF OUR EMPLOYEES WAS  
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We have introduced a staff limit at the headquarters



We perform continuous ozone disinfection in all areas



we switched to online operations in a few days





We believe in partnerships.

# SOCIAL RESPONSIBILITY

## ROSSMANN HEART

At Rossman, we consider it important to give back to the community. Our corporate social responsibility (CSR) fits into our sustainability approach, with a focus on sustainability, equal opportunities and a healthy lifestyle.

Rossmann Hungary has had a CSR strategy since 2016. Through our social responsibility activities our goal is to pass on values, knowledge and information that have a long-term impact on the society or a part of social grouping. Our main focus is on women - especially expectant women and mothers - and children. We like to think in long-term collaborations in this field as well, on this principle we have been supporting the ÁGOTA Foundation with our own branded products every Christmas for more than 7 years.

### WE LIKE TO HELP

We also follow the principles of the CSR strategy in connection with sponsorship requests. The focus in this area is also on expectant mothers, mothers with small children, healthy lifestyles and equal opportunities. In most cases, our company provides sponsorship support with our own brand products. Sponsorship applications are processed individually but within a regulated framework.

We believe in partnerships, together we can achieve much more. We organize many of our CSR programs with partner companies to achieve greater social impact.



# STRATEGIC CSR PROGRAMS

## FOR PREMATURE BABIES

We have supported the National Association for Premature Babies jointly with P&G for the past two years. For each Pampers diaper package sold, Pampers donated 1 premature diaper. Rossmann donated a total of HUF 3 million worth of products to the Association.

## HELP A GIRL

Our prize game called 'Help a girl' was launched in 2020 together with Unilever. By purchasing the 'Help a girl' package, each customer received a coupon to attend an online series and receive a gift package.

## SCHOOL PROGRAM

In collaboration with Unilever, the washrooms of four selected schools were renovated in 2018 by Rossmann staff on a voluntary basis. In addition, Rossmann donated enough toilet paper, tissue and hand sanitizer to each school for one year.



## LOCAL COMMUNITIES

It is important for us to give back to the local communities as well, as the impact of our activities can be felt directly by them. In Úllő and the surrounding settlements, therefore, we regularly help nurseries, kindergartens and children's homes with educational and product support.

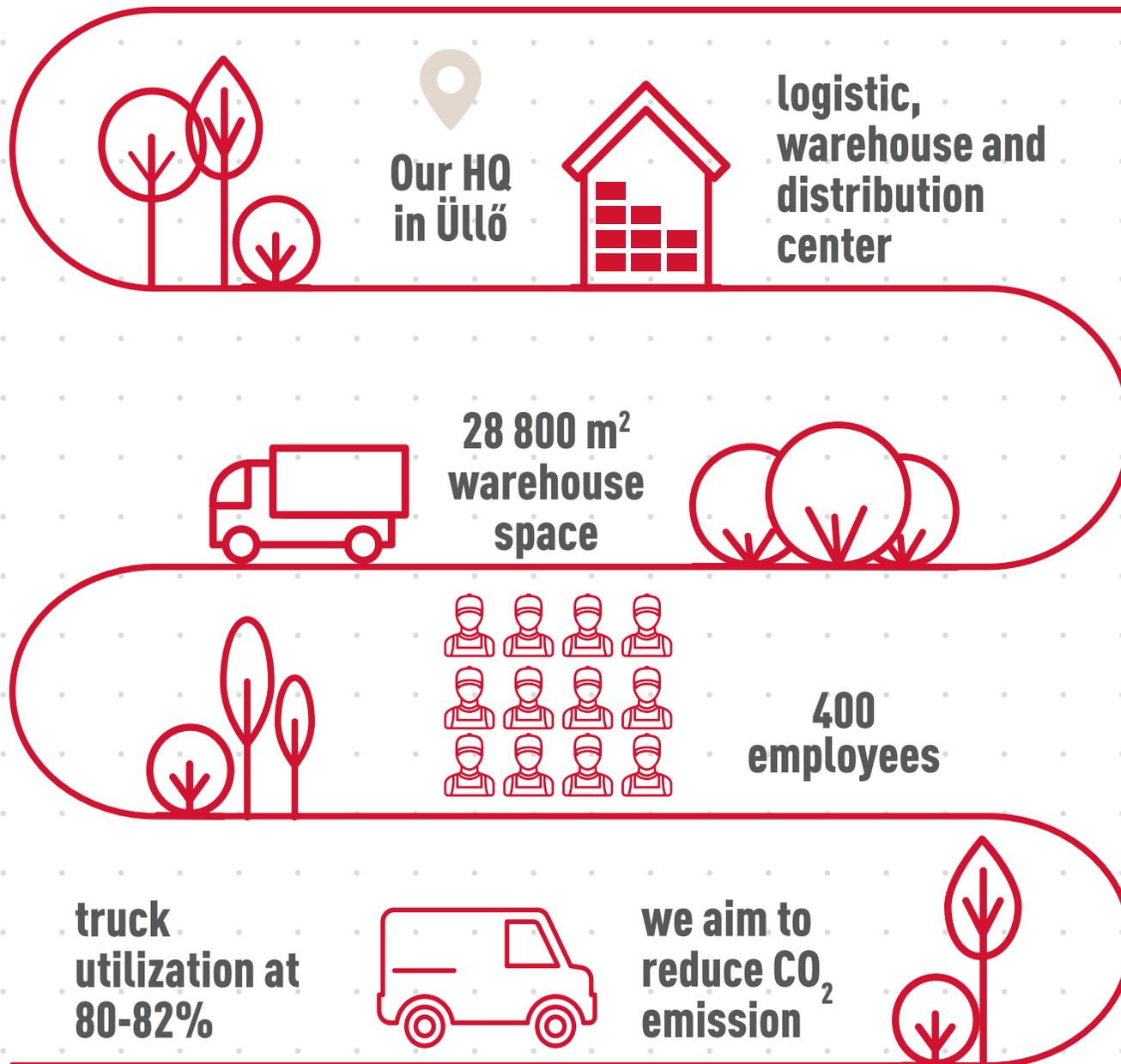
## VOLUNTEERING

We encourage our employees to participate in our CSR programs. As part of our Angel program, our employees can volunteer to participate in our projects.

# LOGISTICS

The environmental impact of our company is partly due to logistics processes and operations. Our site in Üllő functions as a purely logistics and warehousing distribution center, as Rossmann's own-brand products are not manufactured in Hungary.

The storage area of our logistics center is 28,800 m<sup>2</sup> in two storage locations. 400 people are currently working in the field of logistics, generally in two shifts. Our logistics center also handles orders for the Online Drugstore.



## FROM WAREHOUSE TO THE STORES

- From an economic sustainability point of view logistics is a key area of importance.
- The efficiency factors are most visible here, also it has potential for optimization. In logistics, fast and accurate work is important. Various modern equipment and solutions ensure that the supply paths are as efficient as possible. The online inventory management software is able to supply stores with stock in real time, at any given time. In addition to optimal time and cost management, there is a shorter waiting time and less administrative work emerging thereby.
- The warehouse is currently operating in manual pickup format with Pick by Voice technology.

## 5S

- We have introduced the 5S method in our company, which allows us to create and maintain an efficient, well-organized, clean and safe workplace in the long run.
- 5S develops a culture and system that improves process visibility, helps maintain order, and identifies and resolves process issues. With the introduction of 5S, our goal was to support the creation of a sustainable corporate culture and build awareness. With the introduction of the 5S method, the warehouse was divided into departments, each with personnel in charge with clear responsibilities and leadership.

## TRANSPORTATION OF GOODS

We supply our stores with products from Üllő, so it is an economic and environmental interest to utilize the trucks as efficiently as possible and thus to reduce our carbon dioxide emissions. There has been steady progress in this area. The utilization rate, that was below 75% previously, is currently at 80-82%. With our external partner we are introducing a new type of accounting and optimization system in order to achieve a 90% utilization rate in the coming years.

## BOX OF IDEAS

Our employees have an important role in shaping process efficiency. We trust their value judgments, practices, and believe that their opinions and ideas can improve processes. Suggestions for solutions acquired through their practical experience can lead to efficiency gains for our company, so we explicitly encourage idea sharing by introducing a so-called "Box of Ideas". Our employees can place their suggestions regarding development, savings opportunities, working conditions, environmental protection, energy awareness, occupational safety and building work ethic here. In all cases, we give feedback to the proposer about the ideas and involve them in the exact elaboration of the idea. The idea is evaluated together with the relevant professional leader. The processing or implementation of the idea comes with a gift.





## ACCIDENTS

As a result of compliance with safety appropriations, accidents occur in 2 to 4 cases per month, typically with minor bumps or scratches.

## NEW LOGISTICS CENTRE

We do not plan to introduce any major technology innovation in the current warehouse, this will be possible in the new logistics center. We want a system where machines help and make processes much more efficient on the one hand, and make operations even safer on the other.

In connection with the implementation plans of this greenfield investment the possibilities of renewable energy use and development of energy efficient technologies are also being examined in order to further reduce the environmental impacts.

## PAPER REDUCTION

In the field of logistics, there is a significant administrative obligation to properly commit processes, which has involved significant paper use previously. In line with the company-wide tendency we digitized the verification process and switched to e-invoicing, therefore limiting paper use to its minimum.

Paper reduction is not only a matter of logistics, but a company-wide trend. The use of paper at headquarters is declining due to digitization. There has also been a declining trend in the stores, especially since we introduced the use of tablets throughout our entire network in order to have paperless processes.

# ONLINE DRUGSTORE

The logistics center also handles the Online Drugstore orders. The entire storage area also functions as a pick-up area for the webshop as well. The dedicated webshop area for packaging and delivery is approximately 600m<sup>2</sup>. In order to be more efficient with the increased online traffic, the webshop will receive a dedicated place from the spring of 2021.

When delivering the ordered products, we make sure that Rossmann's environmental impact be as low as possible. We can decrease this by reducing the type and quantity of the packaging material used and by efficiency measures regarding deliveries.

Customers can either pick up their orders at pick-up points or choose home delivery. Home delivery is done in Budapest by our own couriers, and in the rest of the country by the postal service. We introduced our own courier service as a response to consumer requests, to be able to serve our customers with high quality. Delivery by own couriers allows for faster delivery, thanks to the time window ordering option, resulting even in same day delivery.

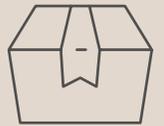
## PACKAGING

In order to minimize the use of materials, the packaging of the orders is handled in six different sized cardboard boxes and in paper bags when it comes to our own delivery. The packaging materials are all FSC certified, i.e. the papers come from responsible forest management. In order to protect our products, we often use space-fillers, which have now been replaced by airbags. They are partially from renewable materials and comply with the ISCC certification hence providing a carbon-neutral product that contributes to a sustainable world and to the circular economy. The airbags are reusable and 100% recyclable.

### minimizing our materials

**the packaging of the orders is handled in six different sized cardboard boxes and in paper bags when it comes to our own delivery**

The packaging materials, i.e. the papers come from responsible forest management



# SUPPLIERS

## PARTNERSHIP, RELIABILITY, INNOVATION

Our parent company pays special attention to close cooperation with suppliers, on the one hand to know the source of our raw materials, and on the other hand to ensure product safety and product quality. This is ensured by a supplier code of conduct, the adoption of which is a precondition for cooperation with Rossmann. In this way, they indirectly contribute to the observance of human rights in the supply chain and the realization of social and environmental standards even when they fall outside of our sphere of direct influence.

Although Rossmann Hungary does not deal directly with raw materials and production, our attention to products is at the same level as of our parent company. In case of our Hungarian suppliers the security of supply is the center of our attention.

### OUR SUPPLIERS ARE KEY PLAYERS

We work with nearly 400 suppliers. Our suppliers are key players, as without them we would not be able to meet consumer needs. Compliance with ever-changing customer needs is key to high customer satisfaction and value creation, and this can only be ensured

through long-term collaborations. That is why we strive for good cooperation, reliability, correct partner behavior and delivery accuracy. Our suppliers have been working with us to a large extent since the beginning.

We also consider our expectations binding on ourselves. Rossmann makes every effort to meet the needs of its suppliers and to deal flexibly with any questions that may arise. We are a predictable partner that you can plan with, we adhere to agreements, including deadlines and payments.

In our procurement, we support the expansion of sustainable products and we feel that this demand is becoming more and more visible in the supplier's supply.

The economic impact of Rossmann's operations is also felt by our domestic supplier network, and whom we provide stable demand. Through our suppliers we also contribute to employment, investment willingness, and to the increase of the revenue of the Hungarian government through the payment of taxes and contributions.

## Advantage



Advantage Group is a B2B market research company that developed the concept of business relationship evaluation. A key feature of the company is the Advantage Report®, which measures collaboration between supply partners and retail chains.



FIRST PLACE

According to the so-called net favorable indicator, Rossmann Hungary finished in first place for the past three years, in 2018, 2019 and 2020.

Total performance is based on an assessment of five areas, such as Business Relations, Employees / Organization, Category / Business Development, Commercial Implementation, and Logistics / Sales Chain. In 2020, Rossmann was rated the best in the first four areas and the second best in the Logistics / Supply Chain area.

# SUSTAINABLE DEVELOPMENT GOALS

In September 2015, the UN adopted the 17 Sustainable Development Goals (SDGs), an international compass for sustainability.

Through our activities, we have a direct and indirect impact on the realization of the goals included in the international framework. :

Our goal is for Rossmann to play an increasing role in achieving the Sustainable Development Goals and to contribute to a growing number of goals. Building partnerships with our suppliers play a key role in these efforts..

**We directly contribute to the following goals:**

»»our products support the creation of better nutrition and the realization of health and well-being<sup>7</sup>,

»» through our activities we support decent work and economic growth, targets for industrial innovation and infrastructure and responsible consumption and production,

»» through our sustainability and social responsibility goals, we contribute the greatest to quality education and gender equality.



<sup>7</sup> The production of our private label products impacts even more goals, but this falls outside the scope of this report as they are produced in Germany.



**IMPRESSUM**

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A photograph of three young women laughing and talking in a field of dry, golden-brown brush. The woman on the left is wearing a black beanie and a dark jacket. The woman in the middle is wearing a denim jacket and a black choker. The woman on the right is wearing glasses and a dark jacket. The background is a field of dry brush and trees, with a small red square in the top left corner.

**We'd still like to know what you want -  
stay in touch!**

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