

SUSTAINABILITY REPORT - 2022
ROSSMANN HUNGARY

We know what you want!

TABLE OF CONTENTS

CEO WELCOMING WORDS	5
INTRODUCTION	7
ECONOMIC, GOVERNANCE ISSUES	9
CORPORATE GOVERNANCE	10
INFORMATION	22
PURCHASING PRACTISES	25
INTRODUCTION TO OUR PRODUCTS	26
REPSRAY	29
ENVIRONMENTAL ISSUES	31
THE IMPORTANCE OF ENERGY	33
ENERGY CONSUMPTION IN NUMBERS	36
REDUCING ENERGY CONSUMPTION	37
CARBON FOOTPRINT	38

TABLE OF CONTENTS

LOGISTICS	39
WASTE MANAGEMENT	44
SOCIAL ISSUES	49
ROSSMANN WINS BEST WORKPLACE AWARD	57
TRAINING AND EDUCATION	61
DIVERSITY AND EQUAL OPPORTUNITIES	64
ROSSMANN - CSR, LOCAL COMMUNITIES	66
APPENDIX	72
IMPRESSUM	78

CEO WELCOMING WORDS

Dear Business Partners and Interested Parties!
Dear Reader!

We are pleased to present you the Sustainability Report 2022 of Rossmann Hungary. As in the previous year, we take great pride in sharing our company's accomplishments and achievements in the realm of sustainability.

In recent years, we have consistently demonstrated our commitment to sustainability. Today we continue to uphold the principle that sustainability is not a fleeting choice but an ongoing process. We acknowledge that only through incremental and persistent work can we achieve the desired outcomes. In this vein, we will persistently pursue our sustainability objectives.

The year 2022 presented significant challenges for all of us. The landscape was fraught with external factors, including global conflicts and fluctuating energy prices, which tested Ross-

mann and its team. Despite these hurdles, we are proud to affirm that Rossmann remained resilient and unwavering in upholding its core values and principles in this difficult period.

Regarding sustainability, we remain dedicated to the course we've previously communicated. We are focusing our efforts on making a positive long-term impact on the environment, society and the economy. In 2022, significant strides were taken in this direction, culminating in the preparation of our first sustainability report adhering to the GRI (Global Reporting Initiative) standards. This comprehensive process involved a materiality analysis, heightening our awareness of where our efforts can be most impactful in sustaining our commitment to sustainability.

The Rossmann team is committed to continuing to be a pioneer in sustainability in the retail sector. We extend our gratitude for your continued support and trust, without which these achievements would not have been possible. We are confident that together we can achieve even more in the future.

Kornél Németh, László Flórián
Managing Directors



INTRODUCTION

This Sustainability Report outlines the initiatives and outcomes of Rossmann Magyarország Kereskedelmi Kft. (Rossmann Hungary Trade Ltd, hereafter Rossmann or Rossmann Hungary) for the year 2022. It should be noted that this report has not undergone external auditing. However, it is our aim to include an audit in the preparation process for next year's report.



We know what our customers want.

INTRODUCING ROSSMANN

Our mission is to make our customers feel more beautiful, groomed and healthy, while also ensuring cleanliness within their homes. We take pride in being an approachable, friendly, knowledgeable yet modern and stylish drugstore catering for women, young individuals and families.

OUR CORE OPERATIONS

Rossmann Hungary stands as one of the country's most successful retail drugstore chains. Our primary business is retail trade services of perfumery, supplemented by various other ancillary activities. Our product range includes both own label and branded products, spanning across several categories, including pet food and care, baby products, decorative cosmetics, food, household products, hygiene items and personal care products, all tailored to meet individual needs.

HEADQUARTERS AND STORE NETWORK

Our head office and logistics centre is located at 8 Zsaróka út, Üllő. With an expansive network of stores, we maintain a nationwide presence.

IN 2021, OUR STORE COUNT STOOD AT 235, WHILE IN 2022 THE NUMBER INCREASED TO 242.

Key store statistics for 2022:

1. > NEW STORE OPENINGS: 22
2. > STORE RENOVATIONS: 9
3. > MOVING STORE LOCATIONS: 6
4. > STORE CLOSURES: 11

OUR SUPPLY CHAIN

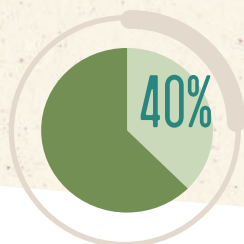


At Rossmann, our supply chain operates as follows: goods are produced from manufacturers and suppliers, then routed to the central warehouse. From there, the products are distributed to our retail network consisting of 240 stores, where individual consumers make their purchases. Additionally, it's essential to highlight our significant partnerships with various entities, including banks, warehouse landlords, energy managers, equipment manufacturers, contractors, logistics support providers and leasing companies, among others. These relationships play a crucial role in sustaining our operations and service delivery.

Rossmann's parent company, Dirk Rossmann GmbH, based in Germany, is recognised as one of Europe's leading drugstore chains. To this day, Rossmann is an owner-managed, internationally operating family business in which the Rossmann family is the majority shareholder.

Dirk Rossmann GmbH employs 60,500 individuals across Europe

Presently, Rossmann has established its presence in eight European countries: Poland (1993), Hungary (1993), the Czech Republic (1994), Albania (2009) and Turkey (2009), with subsidiaries. The brand has also been present in Kosovo since 2018 and Spain since 2020.



Moreover, the A.S. Watson Group, the largest international health and beauty retailer globally, owns a 40% stake in Dirk Rossmann GmbH.

16 100 STORES
28 MARKETS
13 000 EMPLOYEES
5,5 BIO PURCHASES

The A.S. Watson Group has 16,100 stores in 28 markets, 130,000 employees and over 5.5 billion purchases per year through 12 retail networks.

Dirk Rossmann, the company's founder, opened his first store in Hanover in 1972. The company's headquarter has been located in Burgwedel, near Hanover, ever since.

1972

BURGWEDEL

60 500

38,300 of whom work in Germany.

38 300

In total, there are 4,514 Rossmann stores across these eight countries, with 2,263 situated in Germany.

4514
STORES
ACROSS
EUROPE

2263
STORES
ACROSS
GERMANY



ECONOMIC, GOVERNANCE ISSUES

CORPORATE GOVERNANCE

The management structure and composition of the Rossmann Group can be summarised along the following hierarchy:

1. Owners' Representatives
2. Local Managers
3. Company Managers
4. Operational Managers

At Rossmann Hungary, the highest level of management is made up of the local managing directors, who are also senior executives in the organisation. In 2022, Rossmann Hungary's management team was expanded with the addition of Gyöngyi Szurma who now holds the position of managing director in addition to László Flórián and Kornél Németh, and Gergely Tóth.



„Rossmann employs nearly two thousand people, a majority of whom are women. Working for such a forward-looking company that values equal opportunities for all is truly rewarding. I think my journey is a great example of how women can thrive in today's world. Throughout my career in management, I have consistently held the conviction that leveraging team synergies foster greater accomplishments than individual efforts in isolation. Maintaining a positive outlook has been instrumental in keeping my motivation high, and this mindset which has been embraced by my immediate environment, resulting in a dedicated, loyal and unified team. The ability to adapt and rethink issues is a valuable asset in navigating this fast-changing and uncertain world”

– shared Gyöngyi Szurma.

The composition of the highest governance body of Rossmann Hungary:

- » Chief Executive Officer
- » Back-office General Manager
- » Purchasing Manager
- » Head of Sales
- » Logistics Manager
- » Finance Manager
- » Marketing Manager
- » Expansion Managers
- » IT Manager
- » Webshop Manager
- » HR Manager

In order to avoid conflicts of interest, a minimum of 4 persons is required for all decision-making positions. In addition, we have a code of ethics in place which addresses conflicts of interest.

The scope of our internal controls and audits covers the detection of such situations. Transparent disclosure and information provision regarding conflicts of interest concerning board membership in various organisations are ensured.

Two of the members of the governing board hold other significant positions. The IT Manager is a member of the Supervisory Board, the Chief Operating Officer is a significant member of the Business Council for Sustainable Development in Hungary (BCSDH).

Diversity in management and among employees

Gender ratio:

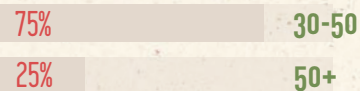
Management:
23% female, (3 out of 14, including CEOs)



Breakdown by age:

Under 30, 30-50, 50+

Management



Other indicators of diversity:

2 mothers in management



NOMINATION AND SELECTION OF MEMBERS OF THE HIGHEST GOVERNANCE BODY

Members of the management are appointed for an indefinite period. The average term of office of the current members of the Management Board is 10 years. The selection of directors and management adheres to international standards and practices. The primary focus of the selection process revolves around ensuring that candidates possess competencies relevant to the specific responsibilities and objectives of the positions.

At Rossmann we are committed to building a company culture where transparent communication is a core value. We value personal and direct dialogue and connection with our employees.

Members of the highest governance body possess competencies that align closely with the organisation's impact. These skills and proficiencies are directly linked to the company's material issues.

Therefore, they aim not only to mitigate negative environmental, social and economic impacts but also to strengthen positive outcomes related to sustainable packaging, pro-

duction methods, transportation modes and key societal demographic groups, such as women and children.

SUSTAINABILITY IN THE CORPORATE STRUCTURE

At Rossmann, sustainability is not merely a passing trend but a fundamental value integral to the company's culture and business strategy. The company actively engages in advocating sustainability and consistently seeks innovative solutions for sustainable development.

The Hungarian managers and senior executives bear the responsibility for overseeing and making decisions concerning the organisation's economic, environmental, and social impacts at the national level. These leaders are not only involved in the preparation of the sustainability report but also play a significant role in preparing the Financial Report, as these reporting periods coincide.

The development of sustainability goals and processes follows company practices. Significant decisions are made at management level, and the respective business units are accountable for their execution.

The following entities have been involved in the preparation of the organisation's sustainability report:

- » Purchasing Manager
- » Sales Manager
- » Logistics Manager
- » Finance Manager
- » Marketing Manager
- » Expansion Managers
- » Webshop Manager
- » HR Manager

The gathering of information for the sustainability report is primarily the responsibility of the managers involved in the relevant topics. However, the information is subject to review and approval at the highest level of the organisation.

MATERIALITY ISSUES

In our 2021 report, we laid out in detail our plan for advancing our sustainability initiatives. A major milestone for 2022 was the formal exploration of our materiality issues. Through this development process we have considered it important to identify, at the highest level of involvement, the environmental, social and economic areas through which Rossmann's operations impact sustainability in an organisational scale. Understanding our impacts enables us to integrate sustainability more effectively into our business operations, engaging stakeholders more actively in processes and decision-making. We have therefore taken into account not only our own interests but also those of our stakeholders in our decision-making.

We do not treat the identification of our material issues merely as a stand-alone project or as an element of compliance with EU legislation, but as an important step in our sustainability efforts to better understand the impacts of our activities. We firmly believe that materiality assessment is also an important part of cor-

porate self-awareness, providing deeper insight into business risks and opportunities. This process further strengthens our ability to create value.

We present the relevant topics in adherence to the guidelines outlined in the GRI standard. This included reviewing Rossmann's operations and processes, assessing and weighing their current and potential impacts, and taking into account the perspectives of internal and external stakeholders. The process resulted in the identification of issues and areas that were considered to be relevant to Rossmann and its stakeholders. The prioritisation process also involved assessing the impacts individually and then reviewing them in relation to each other. Following the ranking, we curated a list of our material topics, serving as the basis of this year's report.

Below we set out the thirteen material issues, along with the corresponding GRI standard and relevant Sustainable Development Goal (SDG).

	TOPIC	RELATED GRI	RELATED SDG
Positive impact	leadership example	universal standard	
Environmental impact	product ingredients, chemicals	301	
Environmental impact	emission	305	 
Environmental impact	energy, infrastructure energy demand	302	 
Environmental impact	waste, packaging waste	306	
Positive impact	the health and well-being of staff	403	
Positive impact	employee education	404	
Positive impact	employment, stability	401	
Positive impact	infrastructure development	203	 
Positive impact	support for social groups (equal opportunities, integration)	405, 413	 
Positive impact	consumer health	416	
Positive impact	improving purchasing power	417	
Positive impact	consumer education, labelling	417	

We recognised the significance of engaging stakeholders in evaluating impacts.

By incorporating stakeholders' interests and expectations into our business strategy, we can better address the issues that are important to them, deepen our collaboration and strengthen our commitment to each other.

When outlining materiality issues, we meticulously identified stakeholders across our entire value chain, considering their roles in our business operations. This assessment encompassed those we impact, both negatively and positively, in environmental, economic, and social dimensions.

The main stakeholder groups identified during the process:

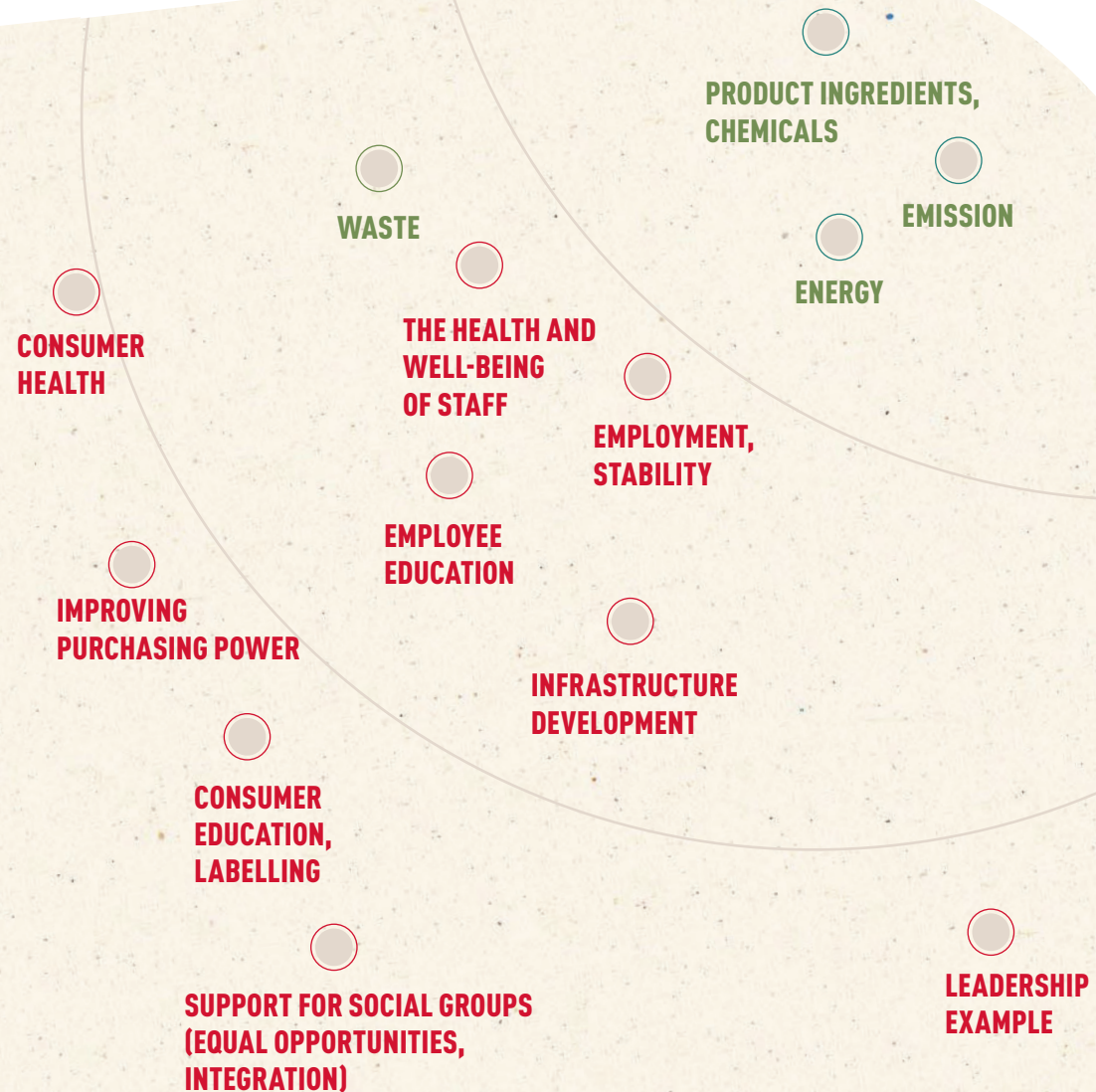
- » employees
- » owners, investors
- » decision-makers and authorities
- » civil society
- » suppliers
- » industry organisations
- » consumers

The relationship between corporate materiality issues from the perspective of our stakeholders is illustrated in the materiality matrix. This visualisation offers a comprehensive overview, allowing the identification of areas for action.

Our materiality themes are scheduled for review in 2024, in line with EU reporting obligations and following the dual materiality approach.

EVALUATION OF IMPACTS FROM THE STAKEHOLDERS' PERSPECTIVES

EVALUATION OF IMPACTS FROM THE PERSPECTIVE OF ROSSMANN



OUR DIRECT AND INDIRECT ECONOMIC IMPACTS

As a major employer in Hungary, Rossmann provides stable, predictable jobs for close to 2,000 employees nationwide. Our influence extends not only in Budapest, but also to larger, more developed and smaller, less developed rural regions.

We attribute our economic success to our ability to demonstrate stability, reliability and value creation to our employees and partners, even during challenging periods.

We work every day to ensure dynamic growth. We are improving processes, expanding and changing our product range, innovating both internally and externally. We are also aware of the challenges posed by changing market conditions, therefore we pay particular attention to risk mitigating. Maintaining cost efficiency is vital for sustainable management.

DIRECT ECONOMIC VALUE GENERATES	134 189 810 E HUF
REVENUE	134 189 810 E HUF
ECONOMIC VALUE DISTRIBUTED	128 249 463 E HUF
OPERATING COSTS	114 709 051 E HUF
EMPLOYEE WAGES	12 626 587 E HUF
PAYMENTS TO PROVIDERS OF CAPITAL	312 084 E HUF
CORPORATE TAX	601 741 EHUF
ECONOMIC VALUE RETAINED	5 940 347 E HUF

From an economic point of view, our primary objective is to support our business processes as best we can in an ever-changing market environment. We do this by fully complying with national financial and accounting legislation, which is the responsibility of our Chief Financial Officer.



We know what our customers want

Our mission is centred on enhancing our customers' sense of beauty, grooming and health, alongside maintaining cleaner homes. Offering the best choice to meet our customers' needs, competitive prices, high quality and impeccable service are vital to us. In all areas of Rossmann, we work to provide our customers with the most comprehensive and authentic information.

Our shopping habits are different. Some of us like to shop in-store, others prefer to order from home. At Rossmann, we strive to address sustainability in all areas. Our dedication to sustainability is visible to our customers in many different ways: from our product packaging and ingredients to our product range and eco-friendly solutions.

THE CONSCIOUS ROSSMANN CONSUMER



utilises own shopping bag
when doing shopping



links different shopping trips and manages several
things at once in several shops

THE CUSTOMER

Sustainability is already a very important part of our consumers' lives, which in turn places obligations on the company. Over the past year, we have seen that consumers have heightened their sensitivity to pricing and considerations in their purchasing habits. Our customers expect us to act responsibly for a more sustainable future and to help them in their everyday decision-making with information, tips and tricks to navigate the often complex maze of environmentally friendly and health-conscious lifestyles.

Conscious living and shopping is time-consuming, involving the learning of alternative products, new ingredients and discovering sources to access them. Customers often encounter that eco-friendly products are more expensive than their conventional counterparts.

buys products
in bulk



opts not to use courier service
for 1-2 products

prefers products from
domestic manufacturers



avoids
impulse buying

Zero Waste

buys items with reduced or minimal
packaging and smaller packaging sizes

considers ethical and environmental
aspects when shopping



buys products with
refillable packaging



buys less
frequently

purchases reusable
products

RE DUCE USE CYCLE



IMPROVING PURCHASING POWER

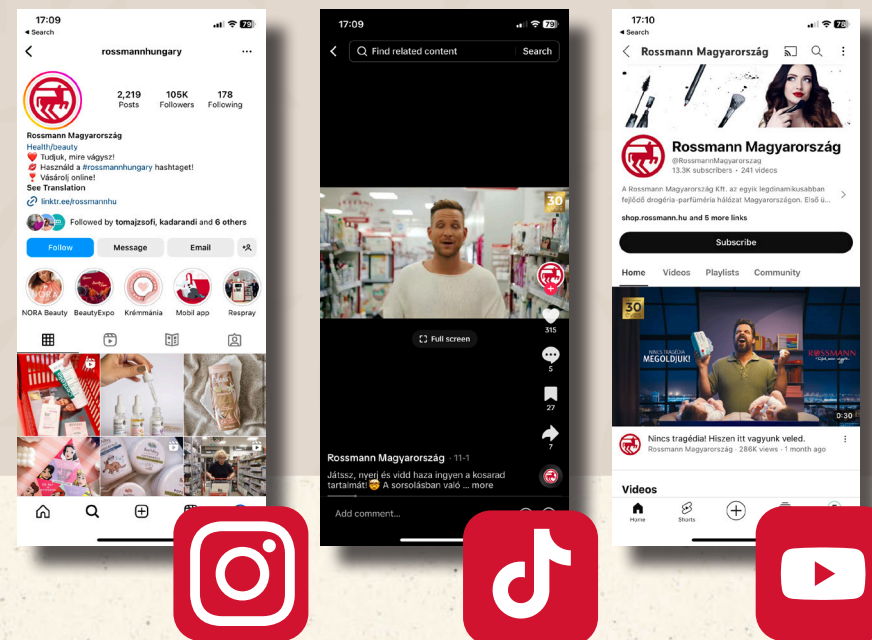
We are dedicated to enhancing customer satisfaction and well-being, aiming to facilitate the purchase of higher quality products at more affordable prices. By improving purchasing power, we support social inclusion and equal opportunities by making products available to individuals with lower incomes or from disadvantaged backgrounds. This also helps to promote social equality and reduce economic exclusion. This gives us the opportunity to play an active role in tackling social and economic challenges and to have a positive impact on people's lives.

CONSUMER EDUCATION

Providing transparent and understandable information about our products and their ingredients helps consumers in making informed decisions. This enables them to understand the advantages, potential risks, and usage of our products. Educating and informing consumers also helps them in making informed choices and enhancing awareness of sustainability, facilitated through product guides, labels, online content and various other information

HOW DO WE HELP EDUCATE THE CONSUMER?

- ✓ TRAINED EMPLOYEES IN OUR STORES ACROSS THE COUNTRY
- ✓ TRADEMARKS, CERTIFICATIONS TO CONVEY PRODUCT INFORMATION
- ✓ ROSSMANN DIARY FEATURED ON OUR WEBSITE
- ✓ ROSSMANN BLOG OFFERING INSIGHT AND INFORMATION
- ✓ BOOKS AUTHORED BY DIRK ROSSMANN
- ✓ CONTINUOUS COMMUNICATION WITH SUSTAINABILITY CONTENT



channels. Information delivered in a clear and accurate way will enable consumers to easily identify product composition, allergens, origin, certifications and other relevant information.



DIRK ROSSMANN

Dirk Rossmann's second novel, "The Wrath of the Octopus" is more than just a captivating thriller. It delves into thought-provoking themes, addressing pressing contemporary issues. The aim of this novel is to raise awareness, emphasising that we are at a critical juncture to secure a viable future for our children on this planet.

OUR STAFF IS FULLY PREPARED

We talk a lot about reducing consumer frustration regarding sustainability. To assist our customers effectively, we need well-trained staff in our stores. Therefore we utilise various tools, such as training sessions, publications and corporate events to educate our employees about the fundamental principles of sustainability and to demonstrate how our products support sustainability in daily use.

TRADEMARKS

Moreover, our product labels serve to further inform our customers. These labels carry information highlighting the environmentally friendly properties of our products. There are currently 22 trademarks on our products, each of them addressing a specific solution. Some are designed to help with environmental issues (e.g. palm oil free, microplastics free), others cater to sensitivities (e.g. fragrance-free), while others focus on natural ingredients (natural cosmetics).



Did you know that most of our certified products are also available in our Online Drugstore?

CONSCIOUS SHOPPING OPTION IN THE ONLINE SPACE

Currently, the Rossmann Online Drugstore hosts 14 000 products. We have observed a growing number of individuals searching for eco-friendly products. That's why, since the beginning of 2021, the Online Drugstore offers our conscious shoppers a new feature. It involves categorising 884 private label products into 22 different product rating categories.

ONGOING COMMUNICATION

In our customer interactions, we prioritise knowledge dissemination. This dedication led us to offer customers a wealth of content and information across our communication platforms, aiding them in navigating the abundance of available information.

70 000
FOLLOWERS



LAUNCHING OUR TIKTOK CHANNEL HAS BEEN A MILESTONE, BEING THE FIRST IN THE DRUGSTORE MARKET, WITH NEARLY 70,000 FOLLOWERS EARLY ON.

ROSSMANN+

The Rossmann+ programme is our VIP programme, launched in 2019 to reward our loyal customers and help them with their everyday shopping. For participants in the program, we send personalised newsletters whenever a new product or content is released. The Rossmann+ VIP programme has reached 2 million members in 2022. We're thrilled to witness the programme's steady growth, with approximately 200,000 new members joining in 2022.

2 MILLION MEMBERS
ROSSMANN+





BEST BRANDED VIDEO

The Rossmann Courier - Richyke campaign secured the top position in the Branded Video, Video Series category at the OVA, the competition recognising the best national podcasts and online videos.

The Rossmann Courier campaign aims to showcase the drugstore chain's new service, significantly reducing delivery time for online orders, allowing customers to receive their desired products within just 5 hours.



RETAILER OF THE YEAR, ONLINE STORE OF THE YEAR

The StarStore - Retailer of the Year competition welcomes stores whose design aligns seamlessly with the sales concept, harmonising with the needs of the target group in terms of interior and exterior aesthetics, goods presentation, staff, service, and communication.

Our Rossmann webshop, launched in 2012 with nationwide delivery, has been a focal point of our continuous efforts to integrate online and offline shopping experiences. Our commitment to elevating the customer experience is evident in the ongoing development of our online services. Notably, Rossmann Courier, introduced in January 2022, now offers a delivery time of up to 5 hours, replacing the previous 'same day' delivery, reflecting our dedication to meeting and exceeding customer expectations.

PROVIDING INFORMATION

We provide our consumers with as much information as possible in our product descriptions, labelling and advertising to help them make their purchases.

Providing consumers with credible and transparent information is one of our most important responsibilities, and we go far beyond our legal obligations to provide information where possible. Throughout our YouTube channel and Rossmann Diary blog page, we expand on topics such as sustainability, baby care, maternal well being and healthy eating. These in-depth resources are curated, with insights from experts in our flagship product categories, aiming to provide consumers with additional valuable information.

ROSSMANN DIARY - SPOTLIGHT IN 2022

From beauty care to sustainability and healthy living, we take pride in offering our customers practical tips and engaging insights across various subjects, supported by expertise from our team of specialists.

JUDIT STAHL

In 2022, we continued our series on our YouTube channel called Live Green (Zölden Élji!), hosted by Judit Stahl, offering valuable sustainability tips. Judit covers various aspects of embracing a sustainable and environmentally conscious lifestyle. This series aids viewers in exploring our array of sustainable product lines, spanning from beauty to food. Through engaging discussions with inspiring guests, we offer practical advice to facilitate the adoption of eco-friendly habits. With this in mind, we additionally introduced the “Live Green - Come Walk with Me” video series, where we explore topics such as Theatre and sustainability, Munch and the Green Guide to Budapest.

LILU

“Consulting is a responsibility,” says Lilu, who has been receiving daily requests for years from women who consider her a role model in beauty care and skin protection. The popular media actor has been interested in the subject for almost ten years now and considers skin health to be her foremost concern. Lilu tests what she recommends on her own skin, with year-round sun protection being a top priority for her.

RÉKA NAGY

Réka Nagy, the healthy lifestyle expert at Rossmann Diary, shares her nutritional expertise on the Rossmann website. Her insights cover various areas, including vegan diets, fasting, and understanding food labels.

To ensure compliance with all legal standards, our communication materials undergo an audit by PwC Hungary.

REGULATORY COMPLIANCE

Our marketing communication practices prioritise the avoidance of partial and misleading information. We strictly adhere to information and labelling requirements for products and services, ensuring full compliance. Product labels contain all legally mandated explanations and descriptions and, where possible, we also share extra information from suppliers, such as product data sheets in our webshop.

Regarding substances with potential environmental or social impact, we abstain from using any additional labelling beyond what is required by law. The positive environmental impacts of our products are available on the webshop.

Throughout 2022, there were no infringements or violations observed in our marketing communications. Our approach to information and labelling for products and services aligned with legal requirements, resulting in no breaches or warnings issued.

CUSTOMER PRIVACY

We hold data protection matters concerning our customers in the highest regard. Providing our customers with adequate and clear information is crucial. We ensure they comprehend, for instance, the specific use and purpose of the information, such as their date of birth, when requested by the company.

To secure informed consent for data processing and advertising usage, we believe in providing comprehensive information, surpassing the legal requirements.

Our approach to data processing extends beyond the stipulations of the GDPR law. In order to prevent potential negative effects, training of colleagues involved in data processing is ongoing. Prompt and transparent action is taken in the case of any possible incident, even in an instance of an unsuccessful attack. Our data protection issues undergo an annual audit conducted by our consultant partner, who also

serves as our in-house Data Protection Officer. During the period under review, no data breach and data loss warnings were received from regulatory bodies.

OUR NEW CUSTOMER SERVICE

In 2022, we have created a new customer service model to ensure that customer queries or issues are addressed within the shortest possible time frame, ensuring a response or resolution within a maximum of 24 hours. Our updated online and telephone customer service operates from 7:00 am to 9:00 pm on weekdays and from 8:00 am to 4:30 pm on weekends.

THE NEW CUSTOMER SERVICE INITIATIVE HAS NOT ONLY ENHANCED OUR TECHNICAL INFRASTRUCTURE BUT HAS ALSO GENERATED JOB OPPORTUNITIES, AIMING TO IMPROVE CUSTOMER SATISFACTION.

To support the revamped customer service we enlisted experienced colleagues, particularly from sales, many of whom have had 20 years of valuable experience. We offered the opportunity to colleagues from closed countryside stores, as we wanted to keep employing them due to their profound expertise and history with Rossmann. In this new model, our staff physically work in three different locations: in the Kaposvár office and in the headquarters in Üllő in a combination of home office and office work, while our colleagues in Nagykanizsa work remotely.



Rossmann has also provided retraining in IT, consumer protection and communications for the new roles.

In 2022, while we opened several new stores, some were closed due to obsolescence. However, we retained the highly experienced and committed colleagues who worked at these closed locations. We provided positions at the headquarters, even if it meant building a new office or transitioning to full home office setups, spanning over several months. This is a win-win situation for the customer, who will soon experience very fast responses and a high level of professionalism in both customer service and complaint management.

Enhancing our operational efficiency required not only human resources - we also implemented several technical innovations to empower our staff, enabling them to work more swiftly and efficiently.

The implementation of the Salesforce service cloud module, initiated in 2020, significantly automates our responsiveness, while the introduction of the arenim phone system offers comprehensive analytics and helps reduce the number of dropped calls. 2022's development, which allows for smoother package tracking, is the RoboRobo chatbot, which is available on messenger. This automated feature enables a round-the-clock response while freeing up colleagues to address other cases efficiently.

PURCHASING PRACTICES

IMPACTS OF PURCHASING

In Rossmann's Sustainability Report, we emphasise our commitment to procurement practices that significantly influence various spheres, including the economy, the environment and society. In line with GRI standards, we comprehensively analyse the actual and potential impacts of these practices, both positive and negative. Our continuous efforts involve implementing optimal sourcing practices to maximise positive and minimise negative impacts, thereby contributing to our achievements in the areas of sustainability and social responsibility.

In the area of environmental impact, procurement practices allow for the prioritisation of environmentally friendly products, thus directly reducing the company's ecological footprint. Emphasising minimal packaging and waste reduction further amplifies positive environmental impacts. This also extends to ingredient considerations, which will be discussed in subsequent sections.

The social dimension includes job creation and respect for human rights, which are key to promoting the well-being of our communities and workers. The health of our consumers remains our primary concern. Safeguarding consumer health and safety goes beyond legal compliance, it is an ethical and responsible business imperative as well. This issue is directly linked to consumer education and information, as these tools help us to convey messages about the importance of health and endorsing supportive products.

Economic aspects within our purchasing practices encompass potential cost savings, elevating company profitability and competitiveness. In addition, collaborating with local suppliers not only benefits the company but can have a positive economic impact on local communities and promote job creation.

INTRODUCTION TO OUR PRODUCTS

We are consistently attuned to market trends and evolving consumer expectations regarding sustainability. Therefore, our product range undergoes continual evolution to align with changing consumer needs and the introduction of new products by various brands.

25%

Presently 25 percent of our product range is associated with sustainability in some form.

PRIVATE LABEL PRODUCTS

In terms of private label products, there is a very high proportion of sustainable, environmentally certified products. Sustainability is one of the most important aspects in the development of our own label products: the negative impact of products on the environment is taken into account in the development of products, including their packaging. Over 1300 of our private label items encompass some kind of sustainability attribute, such as organic or eco characteristics.

Out of the 29 own brands, 28 have sustainable, environmentally friendly certifications. These certifications apply to various aspects such as packaging, presentation, refillability or ingredients. The products that can be purchased at the Rossmann stores have 40 to 50 different labels, with 56% of our own-brand range carrying these environmentally conscious labels. The packaging of our own label products also contains additional information that consumers can use to make informed choices for their health and environmental impact. We also include around 170 safety and health ratings in our listings of product attributes.

Rossmann Hungary has an extensive product portfolio, comprising a total of 18,100 items.

18 100

Within this assortment we offer 2,400 own label products

2400

Over 1300 of our private label items encompass some kind of sustainability attribute, such as organic or eco characteristics.

1300

Out of the 29 own brands, 28 have sustainable, environmentally friendly certifications.

28

We are continuously expanding the range of our private label products to include microplastics-free items, climate neutral products and those featuring recycled packaging and vegan enerBio products.

We also offer a selection of mono-material products which are made from a single material and are climate-neutral products. The packaging for these products is entirely recyclable.

We place significant emphasis on ensuring that both our private label and branded products adhere not only to mandatory compliance and labelling standards but also meet social and customer expectations regarding sustainability.

Our focus is to align the packaging and content of our products with these expectations, thereby reducing their environmental impact.



BRAND PRODUCTS

Notably, it is not only our Rossmann private label products that are increasingly responding to growing market demand for sustainability in the market. Major manufacturers are also offering an increasingly wide range to meet consumer and market demands, reflecting their resource and emission reduction strategies.

In our experience, small and medium manufacturers are the most innovative in this competition, entering the market with paper, bamboo, recycled plastic and other alternative materials. The market trend predominantly leans towards an increased portion of refillable and solid products, highlighting a growing presence of reusable product innovations.

SELECTION OF ASSORTMENT

Despite the growing number of sustainability-related products on our shelves, the primary criteria for sourcing products are market demand, niche nature, support for diversity of choice, and therefore the market potential of the product. At the same time, in scenarios where we encounter identical offerings, we deliberately prioritise products that carry an

additional message, notably related to sustainability aspects such as eco-friendly packaging, local products, sustainable product ingredients or recycled raw materials or related reusable products. Relying on credible information from suppliers, we avoid products that are unidentifiable, unauthorised, from dubious sources, with questionable content, or that may contain substances that are harmful to the environment or the human body.



DOMESTIC PRODUCTS

At Rossmann, local products are those that are manufactured in Hungary. Products that are partly made from foreign materials can also be included in this category.

In 2022, we have been successful in further increasing the proportion of domestic products within our assortment. We have achieved our target of increasing the share of Hungarian products in the total assortment by 1-2% annually. As a result, 16 percent of the products on our shelves are now domestic.

By supporting domestic products, we are also strengthening our sustainability efforts. Local sourcing extends positive contributions to the environment by reducing transport emissions through shorter supplier journeys. This is why we refrain from sourcing products that involve lengthy delivery times and at high costs from distant locations. Supporting domestic suppliers creates and sustains jobs in our communities. In addition, local suppliers often follow higher ethical and social standards, which also has a positive impact on working conditions and respect for human rights. Local sourcing also has economic benefits, supporting economic development and the long-term sustainability of businesses. Strengthening and supporting local economies and communities contributes not only to the stability of society,

but also to the long-term sustainability of Rossmann.

We are particularly proud to have organised the conference „Domestic Beauty - Domestic Values” together with the Hungarian Product Nonprofit Ltd. and KNK communication agency.

“NATIONAL BEAUTIES - NATIONAL VALUES”

Our common goal, as an organisation committed to women's values and equal opportunities, was to join forces to promote emerging Hungarian beauty brands. We also wanted to use our reputation and the power of our communication, marketing and sales support to increase the general awareness of the outstanding players in the Hungarian beauty industry. The event featured 27 brands, including young start-ups with significant growth potential and well-known brands with decades of experience. For our part, we were able to offer them a special occasion to get closer to Rossmann's supply opportunities.

The event is not only a good example of how to support domestic manufacturers, but also a worthy demonstration of the power of partnerships and collaboration. We are convinced that the success of the event lay in our collective strength.

“Our objective is to demonstrate to as many customers as possible the depth of knowledge, production and quality embedded within Hungarian brands.”

- PÉTER BEDNARIK, PURCHASING MANAGER

REPSRAY

With the growing demand for sustainable products, FMCG companies are increasingly embracing refill solutions aimed at reducing the amount of plastic packaging used. The deodorant market has also started to see a trend towards refill solutions, with most packaging, such as ball deodorants or sticks, being a huge success with consumers.

„In Europe alone, nearly two billion spray deodorant bottles are thrown away every year. The production of new aluminium is an extremely energy- and cost-intensive process, which places a huge burden on our environment. We thought it would be a perfect solution to this if a bottle could be used more than once by the consumer. This is where the idea of Respray was born.”

Andor Réti, co-founder of Respray

Developers of spray deodorants faced significant technological challenges. Respray, through its innovative valve and nozzle technology coupled with a unique refill machine has addressed this issue, enabling customers to refill bottles within their own environment.

Respray is the world's first device to refill spray deodorants. Rossmann decided on the Respray machines. The project was launched in autumn



2020, with two rounds of investment, accumulating a total of HUF 70 million with investor support. Respray's founders are Gergely Zámbo and Andor Réti, but the entire team is made up of six students from universities, including BME software development and mechanical engineering students, and Corvinus economics students.

„Through Respray's initiative, we anticipate that environmentally conscious customers will reuse their deodorant bottles up to five times, thereby reducing their CO2 footprint by a quarter”

A further advantage of refillable deodorants is that not only the final product, but also the production of the refillable bottle and the production of the inner content is carried out in Hungary, in cooperation with Florin Chemical and Trading Ltd. By using the refillable spray deodor-

ant, our customers can contribute to a sustainable, green future and reduce their own ecological footprint by up to a quarter. These products bolster the ISANA brand within Rossmann. We plan to introduce the vending machines in more of our stores in the first quarter of 2023.

Gergely Zámbo, co-founder of Respray

PRODUCT SAFETY

Our customers can trust in the consistent high quality of our products, as we leverage mature and reliable technologies. In Germany, where our own-brand products are manufactured, a so-called “Rossmann risk matrix” was introduced in 2011 specifically to ensure the safety of own-brand products. The aim of the system is to guarantee compliance with safety and legal regulations for Rossmann products by involving independent, accredited institutes and laboratories. It is designed to guarantee compliance with safety and legal regulations, encompassing both the parameters set by Rossmann and relevant environmental aspects.

Rossmann is dedicated to producing safe, high quality products that also consider environmental aspects. To ensure product safety, we have incorporated a number of measures for hazard classification of products into our processes and in our cooperation with our suppliers. Our detailed listing, along with an expanded set of product attributes at the time of listing, enhances supplier awareness of the environmental impact of the products they distribute.

We hold our suppliers to a high standard, expecting them to ensure the safety of our products for

our customers. This responsibility is emphasised both within the framework contract and at the time of delivery. Our suppliers are mandated to guarantee that product characteristics and components align with EU directives. Additionally, they are obliged to include all pertinent information related to product safety, including hazard classification, UN number, H phrase, and ADR information, in the listing particulars. This responsibility is integral to our commitment to delivering safe and compliant products to our customers.

In addition to showcasing product safety information, we encourage our suppliers to highlight sustainability attributes. This not only enhances the marketing communication for each product but also benefits consumers by facilitating easier categorization and searchability in our webshop. We believe that emphasising sustainability aligns with our commitment to responsible business practices and enhances the overall customer experience.

INGREDIENTS, CHEMICALS

Our assortment also encompasses products that contain a variety of chemicals, spanning beauty products, cleaning items and other household chemicals. Recognizing the potential

impact of these products on both the environment and individuals, we approach their inclusion with a strong sense of responsibility.

We are committed to transparency and consumer information on chemicals. The products we offer in our stores are labelled with details of the chemicals they contain so that our customers can make informed decisions. We also work with our suppliers to reduce the use of chemicals that are potentially harmful to the environment and health.

It's crucial to note that we adhere strictly to the European Union's rigorous regulations on the use of chemicals. Our goal is to provide our customers with safe and environmentally friendly products, coupled with increased transparency and information on chemicals.

Rossmann continuously monitors and evaluates the ingredients in its products to enhance its supply chain and maximise sustainability. We are unwavering in our commitment to offering products that consist of environmentally and human-friendly ingredients.



ENVIRONMENTAL ISSUES

The climate and climate change are pressing concerns for society as a whole.

„It is important to move from talk to action” –

emphasises Dirk Rossmann, the founder of our company.

Countering climate change requires collective effort. Every individual, young and old, must be willing to make a difference. For Dirk Rossmann, the threat of climate change to humanity, including to our children and grandchildren, is a con-

cern not only as an entrepreneur but also as a father and grandfather. To raise awareness among children and engage adults on this critical topic, Dirk Rossmann authors novels such as 'The Ninth Arm of the Octopus' and 'The Wrath of the Octopus.

THE IMPORTANCE OF ENERGY

The production, use, and distribution of energy directly impact the environment and society, prompting a growing emphasis on sustainable approaches to energy production and consumption.

The operation of our retail chain, maintenance of our buildings, day-to-day functioning of our stores, warehousing, logistics, and transportation—both internally and externally—all contribute significantly to energy consumption. Additionally, meeting the needs of our employees and customers across the company's network, including the lighting inside the stores, also involves considerable energy usage.

Managing energy sustainably is not only important for us from an environmental perspective, but also serves as a key factor in ensuring the long-term stability and competitiveness of our business. Investing in energy efficiency and utilising environmentally friendly energy sources presents opportunities for Rossmann to enhance cost efficiency and reduce energy dependency.

In terms of energy security, the year 2022 was a particularly difficult and stressful period, impacting not only our organisation but also the surrounding environment. The rapid surge in energy prices called for extraordinary measures. Thanks to the professionalism and cooperative attitude of our employees, Rossmann successfully navigated the soaring energy prices and achieved a substantial reduction in energy consumption.

WE PLAN FOR LONG TERM

Before we turn to our response to the energy crisis, it is important to highlight that our achievements in the realm of energy are not just a result of our effective response to the crisis. Over the past three years, we have undertaken a series of strategic actions, building upon one another, which collectively formed the foundation for our response to the crisis.

Rossmann's management has made a commitment to implement an Energy Management System in accordance with MSZ EN ISO 50001:2019, reinforcing our dedication to energy efficiency and sustainability. We establish annual targets aligned with the standard, against which we assign measures and evaluate results annually. Progress is measured using energy performance indicators and other relevant metrics.



Thanks to the measures implemented in recent years, our entire property stock now benefits from a thermal monitoring system

Our Üllő head-
quarters is now
fully illuminated
with LED bulbs,

100%



Üllő

and our
store net-
work is at
90%

90%



stores

Each year, we continue to renovate and modernise more stores, not only enhancing the customer experience but also reducing energy consumption. In new stores, we've incorporated modern technology, including heat pump systems. To retain the generated heat energy inside the building, we utilise heat recovery air handling units.

These energy upgrades not only significantly improve

The measures are
recorded in an annual
energy report, which is
available on our website.



the comfort of our customers and internal staff but have also been well-received by our landlords.

ENERGY CRISIS

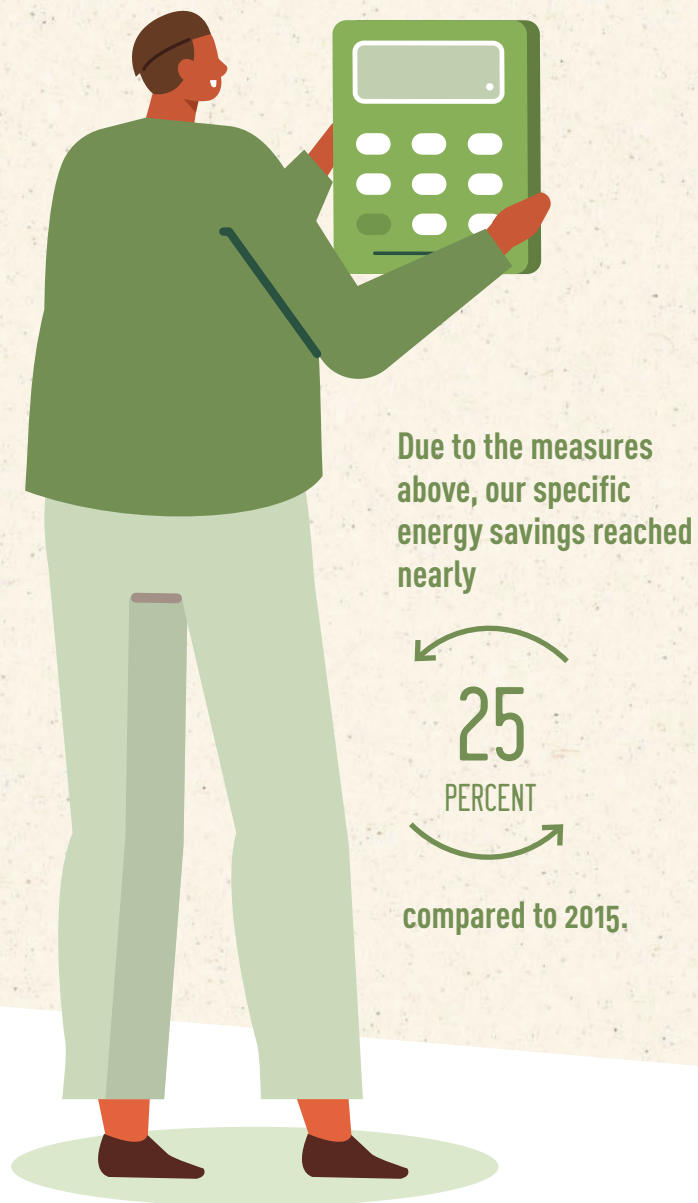
At the onset of the energy crisis, we proactively decided to prepare for the upcoming year, despite having locked in electricity prices for 2022. Our commitment was to do everything possible to reduce our energy demand. We compiled a detailed list of action steps to reduce potential energy consumption, translating these into action plans. Our processes underwent thorough review and refinement where necessary. This kind of adaptive approach aligns with the core Rossmann philosophy - we are not hesitant to reassess and rethink our decisions, even multiple times if required. Additionally, in response to these challenges, we created a new position. A colleague with a strong expertise in energy engineering is now dedicated to assisting us in contracting, optimising and maximising energy savings.

OUR PRACTICAL STEPS



We committed to upgrading our heating, cooling, and lighting systems to boost energy efficiency. Through a series of processes, measures, and investments, we achieved reductions in consumption, ranging from significant changes to smaller adjustments, with a primary focus on lowering electricity usage. For instance, we optimised temperature levels, expedited discharge processes, and adjusted water heaters in our shops to utilise their heat storage capacity, turning them on only at specific times of the day. Notably, Rossmann signs were illuminated only after dark and during opening hours. We also adopted a more conscious use of window shading. In a cost-saving initiative, we converted the heating in several shops to electricity.

We have also embarked on larger projects: we have launched the installation of our electricity consumption monitoring system and tested the potential of a full building management system in 3 pilot stores.



Due to the measures above, our specific energy savings reached nearly



compared to 2015.

JOINT SOLUTIONS WITH PARTNERS

We actively engaged our relevant supply partners in our adaptive measures to reduce energy consumption. Utilising metres, we assessed the energy usage of refrigerators, printers, and other third-party equipment, collaborating to find mutually acceptable solutions.

For instance, we replaced older equipment with modern, less energy-intensive alternatives and implemented periodic shutdowns for certain equipment. Notably, the success of these measures has been remarkable, with little to no noticeable change for our customers..

“IF THERE IS A SITUATION, WE INTERVENE”

The achievements we’ve realised wouldn’t have been possible without the cooperation of our dedicated employees. To ensure their understanding of the steps we were taking and the reasons behind them, we proactively communicated changes and necessary actions through awareness-raising campaigns and informative materials, facilitated by our sales department. In order to strengthen awareness of the campaigns and the implemented measures, we initiated monitoring visits.

“While many of us may not welcome problems and crises stemming from economic processes, these challenging times often usher in changes in technology, operating models, or even mind-sets that can make a substantial difference in sustainability. This was my primary takeaway from the experiences of 2021-22.”

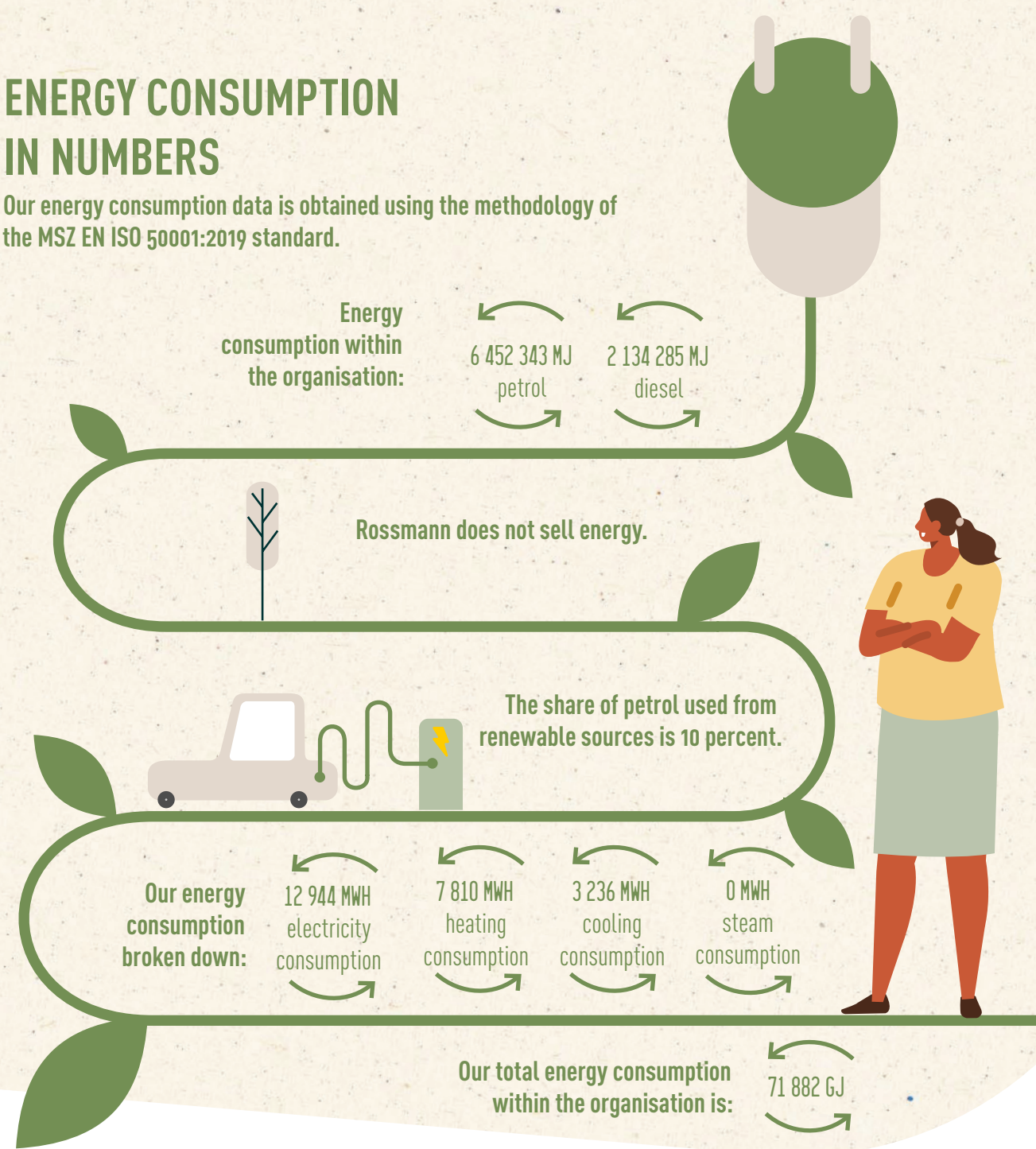
Csaba Horony,
Operations Manager

ENERGY CONSUMPTION IN NUMBERS

Our energy consumption data is obtained using the methodology of the MSZ EN ISO 50001:2019 standard.

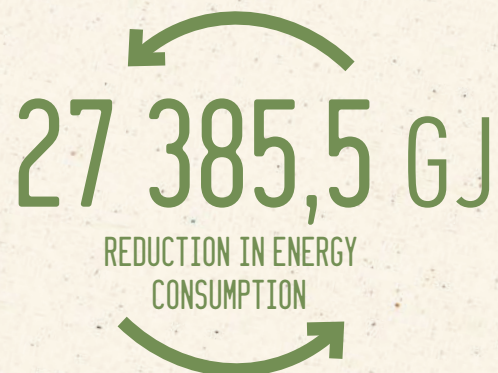
ENERGY SAVING AT HOME

The impact of the energy crisis was not only felt within our workplace but also on an individual level for our employees. In November and December 2022, we extended financial support to all our colleagues in two instalments ranging from HUF 70,000 to 120,000, totaling around a quarter of a billion forints. This assistance aimed to help them cope with increased utility bills. Additionally, we organised a one-hour presentation on 'Energy Efficient Home' in the last quarter of 2022. Head office and logistics colleagues attended the presentation live, store staff connected online, and the recorded presentation was made accessible to everyone. The presentation offered clear, everyday tips on how to save money at home.



REDUCING ENERGY CONSUMPTION

Compared to the 2021 report, we have successfully achieved a reduction in energy consumption by 27,368.5 GJ as a direct outcome of our energy-saving and efficiency initiatives:



THE REDUCTION AFFECTED THE FOLLOWING TYPES OF ENERGY::

- >>> ELECTRICITY,
- >>> HEATING ENERGY,
- >>> COOLING ENERGY.

THESE CALCULATIONS ARE CONDUCTED IN ACCORDANCE WITH THE ENERGY MANAGEMENT SYSTEM PROVIDED EARLIER.



CARBON FOOTPRINT

We calculate our carbon footprint annually, adhering to the GHG Protocol standard and utilising the GHG Protocol Emission Calculation Tool. The base year for these calculations is 2020, marking the initial period for our carbon footprint assessment.

SCOPE 1

In 2022, Rossmann Hungary's direct (Scope 1) GHG emissions amounted to



The calculation considered gases such as carbon dioxide (CO₂), methane (CH₄), and nitrous oxide (N₂O). In the base year, the organisation's direct (Scope 1) GHG emissions were 1390 tonnes.

The assessment utilised the following emission factors:

- >>> EPA, Emission Factors for Greenhouse Gas Inventories, 2018;
- >>> National Inventory Report (NIR) for 1985-2021, Hungary, 2022;
- >>> TCR, Default Emission Factors, 2020.

For the conversion of greenhouse gases to carbon dioxide equivalents, we employed the 100-year warming effects (GWP-100y) as published in the UN Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report (AR5). Our emissions calculations followed the operational control consolidation approach

SCOPE 2

In the current assessment year, Rossmann gross indirect (Scope 2) GHG emissions from energy use on a local basis amount to



In the base year, our Scope 2 GHG emissions were 5170 tonnes CO₂ equivalent (market-based).

The assessment incorporated the following emission factors:

- >>> AIB Residual Mix;
- >>> Carbon Footprint Ltd, Country Specific Electricity Grid Greenhouse Gas Emission Factors, 2023;
- >>> EPA, Emission Factors for Greenhouse Gas Inventories, 2018.

GHG EMISSION INTENSITY

Rossmann's GHG emission intensity rate is 24.83 tonnes CO₂ equivalent per store. To calculate the ratio, the number of stores operating in a full year was chosen as the organisation-specific metric. The intensity rate includes indirect (Scope 1) and market-based direct (Scope 2) emissions. For the calculation, carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O) gases were considered.



LOGISTICS



LOGISTICAL IMPACT

Logistics processes play a pivotal role in ensuring timely and accurate availability of goods, significantly contributing to both customer satisfaction and the overall success of the business.

In modern economies, logistics stands as a cornerstone, playing a fundamental role in enhancing the efficiency of business operations.

INCREASING EFFICIENCY

Logistics plays a crucial role in enhancing efficiency by optimising the movement and storage of goods. More efficient inventory and transportation management can lead to reduced fuel costs and labour requirements, ultimately increasing the profitability of companies. For instance, a just-in-time logistics system can minimise inventories while ensuring a continuous production flow. This enables companies to invest less capital in inventories, thereby improving liquidity.

INCREASING COMPETITIVENESS

Logistics plays a pivotal role in enhancing the competitiveness of companies. Those with efficient logistics systems can respond more promptly to market changes and customer needs. Quick and punctual deliveries contribute to a positive customer experience, fostering customer loyalty. Furthermore, logistics advantages empower companies to enter new markets ahead of their competitors and facilitate international expansion.

COST REDUCTION

Logistics can help companies reduce their operating costs. Optimal warehousing, transportation and inventory management can reduce unnecessary costs. In addition, automating and digitising logistics processes can improve administrative efficiency and reduce the cost of human resources.

REDUCING ENVIRONMENTAL PRESSURES

Logistics also plays an important role in environmental sustainability. Adhering to environmental regulations and responding to customer awareness, companies must adopt eco-friendly logistics solutions. Practices such as efficient route planning, community transport, recycling of emptied packaging, separate collection and sale of waste, and maximising the capacity utilisation of multi-trip containers contribute to reducing environmental impact while minimising costs.

OUR LOGISTICS CENTRE

Our domestic operations are orchestrated from our strategically positioned logistics centre in Üllő, a key pillar of our operations

FLEXIBILITY

Flexibility is paramount for companies in the contemporary business landscape. Logistics empowers companies to respond swiftly to shifting market conditions and unforeseen events, such as natural disasters or global crises. A flexible logistics system is instrumental in helping companies adapt to change and maintain operational continuity.

Logistics plays a pivotal role in the overall success and competitiveness of businesses. Enhanced efficiency in stocking, transportation, and delivery not only reduces costs but also contributes to profitability.

Additionally, logistics is instrumental in helping companies achieve sustainability goals and respond with agility to evolving market conditions.

Recognizing the strategic significance of logistics and continual improvement in this area are vital for companies to secure a competitive advantage in the market.

Our logistics centre spans

24.000 M²,
with an additional
4.300 M²
warehouse
under rental.

We efficiently manage 20,000 items distributed across 27,000 pallets



On average, we process 1,200 items daily, necessitating the handling of 890 pallets

10-11 000 KM

Our trucks collectively cover an extensive distance of 10-11 thousand kilometres every day.

60-70 TRUCKS DAILY

We receive deliveries from 60-70 trucks each day.

108 FORKLIFT TRUCKS

Our logistics activities are supported by a fleet of 108 forklift trucks.



430 LOGISTICS STUFF

A dedicated team of 430 logistics staff actively contributes to our operations.

500-600 M³ OF DELIVERIES

We handle 500-600 cubic metres of deliveries daily.

100-110 SHOPS

We cater to the needs of 100-110 shops daily.

20-25 TRUCKS

Our logistics fleet, comprising 20-25 trucks, facilitates daily deliveries.



EFFECTS AND THEIR TREATMENT

Our logistics operations play a significant role in shaping our environmental footprint. The emissions resulting from product storage and transportation, including energy consumption and vehicle emissions, directly impact the environment. Addressing issues related to greenhouse gas emissions and resource utilisation is central to our sustainability commitment.

We prioritise the continual enhancement of innovation and efficiency to diminish the environmental impact of our logistics operations. This involves minimising material and energy consumption and curtailing emissions. Our focus on optimising warehouse capacity and streamlining the distribution process aims to reduce idling and decrease transport distances. We are committed to ongoing efforts in developing alternative transportation methods, incorporating environmentally friendly vehicles, and refining route planning for further sustainability gains.

Our steadfast commitment to the ongoing enhancement of logistics processes underscores our dedication to a sustainable future.

The influence of logistics activities extends beyond environmental considerations to encompass social dimensions. Human labour is an integral part of transport and storage processes, and it is essential to uphold the dignity and well-being of the workers engaged in these activities. Prioritising the safety and welfare of our logistics personnel is paramount, and we endorse initiatives that enhance working conditions and foster dignity at work.

Our steadfast commitment to the ongoing enhancement of logistics processes underscores our dedication to a sustainable future. Rossmann remains unwavering in its efforts to contribute to this journey.

STRUCTURED PROCESS DEVELOPMENT

Emphasising increased efficiency, optimization, cost-effectiveness, practicality, and customer satisfaction underscores our dedicated approach to structured process improvement. We recognize the paramount importance of continually engaging our employees in this transformative mindset. On a daily basis, our logistics colleagues grapple with process chal-

lenges and opportunities, and their wealth of experience and expertise proves invaluable in identifying real problems and potential areas for improvement. It also serves as a source of creative solutions to optimise logistics processes. To facilitate this collaborative approach, we've implemented a system that encourages staff to share their observations and suggestions for process enhancements. On an annual basis, we recognize and reward colleagues for submitting the most ideas, those with the highest added value, and ideas that significantly enhance customer satisfaction. The integration of LEAN tools further deepens our understanding of processes, helps identify waste, and propels continuous improvement.

Employee involvement not only enhances company efficiency but also instils a sense of ownership and responsibility in improving processes. This heightened engagement and motivation contribute positively to the quality and efficiency of work. Moreover, employee involvement fosters improved collaboration between different departments and teams.

SAFETY

Our logistics warehouse is classified as a hazardous facility due to the use of forklift trucks and the storage of products categorised as hazardous. In strict adherence to occupational safety and disaster prevention legislation governing the handling of hazardous materials, we prioritise occupational health and safety.

We adhere to the requirements of current occupational health and safety legislation and, although we do not have an ISO 45001 management system, we ensure the quality of processes through ongoing training of implementation staff. An external Occupational Safety and Health (OSH) expert consultant aids in enforcing OSH requirements, performing employer's OSH tasks, providing OSH advice on the design of technical equipment and systems, workplaces, and work processes, and supporting OSH in their operation.

Work-related injuries are addressed through a workplace risk assessment, which assesses hazards qualitatively and quantitatively. During the reporting period, there were no serious accidents resulting from identified hazards. In 2022, the majority of incidents were minor injuries,



During the reporting period, there were no serious accidents resulting from identified hazards.

28 ENTRIES
in the work
injury logbook

NO FATAL
vor major
injuries

with 28 entries in the work injury logbook, such as hand and leg injuries, strains, and sprains, were recorded. It's noteworthy that there were no fatal or major injuries reported during the period under review.

To further decrease workplace accidents, we implemented a 6S occupational safety bonus scheme, offering a quarterly bonus. This system aligns individual and collective goals, rewarding collective efforts. Since its launch in June, the initiative yielded immediate results, with no accidents reported in the last quarter of the year. Our experience underscores the impact of ongoing, personalised communication in significantly enhancing these outcomes.

To actively engage employees in workplace health and safety matters, a dedicated working group has been established. Members of these groups are encouraged to provide suggestions to management. Various channels, including shift briefings, the canteen's TV, Kappocs (Rossmann's "Facebook"), and bulletin boards, are utilised to ensure that pertinent information is shared with all employees, fostering a collaborative and informed approach to health and safety.

Employees are well-acquainted with the protocols for reporting workplace hazards and dangerous situations. In the event of identifying any such hazard or danger, employees can promptly report it to their respective line managers, who will then initiate the necessary actions. Employees also possess the right to refuse work if carrying it out would directly and significantly jeopardise their life, health, or physical well-being.

If executing the employer's instructions would endanger others directly and substantially, employees are obligated to decline. Adherence to this requirement is mandatory, and individuals complying with it should face no adverse consequences.

More emphasis will be placed on OSH training than ever before, both in terms of quality and frequency. On the one hand, there will be regular compulsory training for workers.

We hold annual SKET and fire drills involving the fire brigade. We also attach importance to programmes to address the main non-work-related health risks.

IN 2022, WORKSHOPS WERE ORGANISED ON THE FOLLOWING TOPICS:

1. > TRAMBULANCIA
2. > STRESS MANAGEMENT
3. > HEALTH DAY
4. > YOU CAN COUNT ON US

We monitor the effectiveness of the training sessions, asking for continuous feedback from colleagues.

OPTIMISING DELIVERY

In 2022, despite the expansion of Rossmann stores across the country, we successfully reduced deliveries. As part of our commitment to environmental sustainability, we replaced 8 trucks in our fleet with Euro 6-standard vehicles, which represent the lowest emission category currently available. This transition is aligned with our efforts to address environmental concerns by minimising nitrogen oxides, hydrocarbons, and fuel gas emissions.

With approximately 80 transport trips daily, we have long been dedicated to optimising our delivery processes, considering factors such as journey length and truck saturation. Looking ahead, our future goals include establishing HUBs in larger cities like Győr and Debrecen, utilising 24-ton trucks to transport goods to these hubs and subsequently distributing them to stores using 12-ton trucks.



WASTE MANAGEMENT

WASTE AS A MATERIALITY ISSUE

In this year's report, we direct our attention to the critical issue of packaging waste, an area where Rossmann encounters challenges in both its logistics processes and the packaging of its products.

The production of packaging material and the resultant waste contribute to the utilisation and depletion of natural resources, playing a role in climate change within the processing chain. Some packaging materials exhibit slow or virtually non-existent degradation, leading to prolonged environmental pollution. Identified shortcomings persist in waste management at the societal level, intensifying negative impacts on the environment. Landfills and illicit waste dumping not only create aesthetic issues but also pose health hazards, contributing to environmental pollution and the degradation of natural ecosystems.

This, in turn, carries economic consequences, as waste management places substantial burdens and costs on society, businesses, and local and national decision-makers.

MANAGING IMPACTS

The packaging of products, particularly items like shampoos and shower gels available at Rossmann stores, poses a significant challenge for our future endeavours. Addressing waste management challenges linked to consumer products involves effectively recycling packaging, managing the disposal of empty bottles and other packaging materials generated during product use, and mitigating the environmental impact of the diverse chemicals present in cosmetic products. Additionally, managing waste generated in households as a consequence of consumer use presents an added challenge in waste management.

At Rossmann, we are actively engaged in various initiatives to establish sustainable waste management practices and minimise packaging waste. We view this not merely as an obli-

gation but as an opportunity to take responsibility for the adverse effects of our corporate activities. Waste management and recycling are integral components of our commitment to the circular economy, allowing the reintroduction of recycled materials into production processes and reducing the reliance on raw materials and associated costs. We continuously seek sustainable solutions, involve customers, and collaborate with partners to achieve our waste reduction objectives. Our overarching goal is to contribute to a greener future and amplify the positive impact of our business in an area where initial perceptions of negativity can be transformed.

In striving for a sustainable future, we emphasise the importance of collaborating with consumers to enhance the life-cycle sustainability of products like shampoos and shower gels. By fostering community awareness and embracing corporate responsibility, we believe effective solutions can be developed to address the waste management challenges associated with consumer products.

PRODUCT PACKAGING MUST PERFORM A NUMBER OF FUNCTIONS:

PACKAGING GUIDELINES

It's crucial to emphasise that Rossmann Hungary does not engage in product manufacturing; instead, own-brand products are produced and packaged in Germany. Therefore, the products in our stores are significantly influenced by the decisions of our parent company. Nevertheless, we bear responsibility for waste management.

At the German headquarters in Burgwedel, the packaging guidelines prioritise product safety and resource conservation. The focus is on finding optimal packaging solutions that consider both the usage and after-life of materials.

A key objective is to enhance the recyclability of product packaging and encourage the utilisation of recycled materials. Material selection is oriented towards recyclability and the reintroduction of materials into the circular economy.

This commitment is reflected in the steady increase of recycled materials in products, with 2.7 million kilograms recycled in 2022, marking a 12 percent increase compared to the previous year. The goal is to further elevate this rate.



increase of recycled
materials
in products

2,7 MILLION KG

in 2022.

1

Protect products from
external influences



2

Ensure hygiene



3

Ensure easy
transportability



4

Ensure practical usability and
openability.



The parent company has implemented specific measures to improve the use of packaging materials. Here are some examples:

The Babydream packaging eliminated plastic handles, saving approximately 617 kg of plastic annually. The reduction of material thickness resulted in lighter packaging without compromising product safety and usability.

617 KG
ELIMINATED
PLASTICS

At ISANA Shower Gels they achieved a yearly saving of around 28,000 kilograms of plastic through the reduction in material thickness.

28 000 KG
ELIMINATED
PLASTICS

Babydream Rapeseed Oil packaging introduced lightweight glass packaging leading to a reduction of over 4,300 kg of glass usage per year.

4300 KG
REDUCTION OF
GLASS USAGE



PLASTIC

The issue of plastics is characterised by inherent dilemmas. While plastics serve crucial roles in various economic sectors and are indispensable in many applications, they simultaneously present challenges when they transform into waste. As a lightweight, durable, and cost-effective material, plastic has a prolonged degradation period of around 450 years. The critical concern lies not in the material itself, but in how it is utilised and managed once it reaches the end of its functional life and transforms into waste.

To underline our commitment to sustainability, we prioritise the utilisation of post-consumer recycled plastic (PCR) in our own label products whenever feasible. This approach is evident in the increasing number of items featuring recyclable materials

This approach is evident in the increasing number of items featuring recyclable materials:

- >>> Alterra Shower Gel packaging now comprises over 92% recycled content.
- >>> Alterra Shampoos and Conditioners packaging boasts recycled content exceeding 93%.
- >>> Rossmann eco Freude packaging incorporates an impressive 89% recycled content.



Recycled content in Alterra Shower Gel packaging

92%

Recycled content in Alterra Shampoos and Conditioners

93%

Recycled content in Rossmann eco Freude

89%

DOMESTIC PRACTICES

In Hungary, the majority of waste generated in Rossmann's operations stems from transport-related packaging. Our waste management activities are centralised at our logistics centre, where products received from suppliers are dispatched to stores. Additionally, paper and plastic waste from our stores is transported to Üllő, where a systematic sorting process by material type is conducted. The waste generated within our domestic operations undergoes selective collection, processing, weighing, recording, and analysis. At our logistics centre, we further engage in the compaction and baling of paper and plastics, contributing to efficient waste management practices.

WASTE GENERATED

We prioritise the proper sorting of a significant portion of packaging waste to minimise its impact on landfills and the natural environment. Our commitment involves the separate treatment of various types of waste. Leveraging the latest technologies and advanced processes in waste collection, we actively contribute to recycling efforts and support the principles of the circular economy.

Waste type	2021	2022
paper packaging waste	1 645 583 kg	1 720 207 kg
wood packaging waste	8 325 kg	9 781 kg
plastic packaging waste	96 703 kg	104 629 kg
mixed packaging waste	113 129 kg	92 675 kg
electronic waste	1 938,7 kg	1 939 kg
iron waste	63 104 kg	51 848 kg
mixed paper waste	64 470 kg	64 470 kg
glass waste	10 680 kg	6 600 kg
waste sludge	920 kg	22 532 kg
		2 074 681 kg

ated waste. Our waste management strategy remains adaptable to these dynamics

The total weight of waste diverted from disposal is: 1 878 623 kg.

Total weight of waste diverted to disposal: 137 347 kg.

Breakdown of waste diverted to disposal:

- > mixed packaging: 92 675 kg
- > other municipal waste: 22 532 kg
- > hazardous waste: 22 140 kg.

The consistent growth in the number of serviced shops naturally leads to an increase in waste generation. While mixed paper waste has stabilised, the rising number of shops underscores our heightened emphasis on sorting. We've engaged partner departments through effective communication to enhance sorting practices. Additionally, shifts in assortment, diverse promotional materials, and changes in store image contribute significantly to variations in the type and volume of generated waste.

To uphold environmental responsibility, we exercise caution in selecting waste management partners, ensuring compliance with legislation. Our partners, FE-Group Invest Zrt. for waste generated by organisational activities and Trans Global Kft. for hazardous waste, operate with valid permits from authorities. We meticulously record, report, and analyse these measures to continually monitor and enhance their effectiveness.

A photograph of a woman with blonde hair, seen in profile, smiling as she applies makeup to a young girl. The girl, also with blonde hair, is smiling and looking towards the camera. She is holding a makeup brush in her right hand and a small jar of makeup in her left. The background is softly blurred, showing indoor plants. The entire image is overlaid with a pattern of light green leaf-like shapes.

SOCIAL ISSUES



STABLE EMPLOYMENT

Ensuring a stable and secure workplace for our employees is fundamental to our commitment to long-term sustainability and social responsibility. The creation of stable and satisfying jobs not only provides employees with stability and security but also contributes significantly to the enduring success of our company. Our dedication to supporting and caring for our employees extends beyond a mere business responsibility—it is a profound social responsibility. Fair working conditions, equitable compensation, fostering a healthy work-life balance, and promoting diversity and inclusion are integral components of our commitment to social and economic sustainability.

As a sizable company with national presence, we employ nearly 2,000 individuals, with our workforce distributed across various roles—from sales and logistics to our head office. Our diverse and dynamic working environment spans from the capital to remote rural and less developed communities, exemplified by our 242 stores and an Online Drugstore with almost 17,000 items.

ROSSMANN CAREERS

At Rossmann, we are proud of the extensive and successful careers that many of our employees have built, with a substantial number being integral members of our team for decades.

Despite being a continuously evolving retailer, we actively encourage the long-term retention and development of our employees, fostering an environment that supports career longevity. We are committed to providing career progression opportunities through well-defined internal career paths. To ensure our employees' continuous growth and development, we enlist qualified trainers for our training courses. As a family-friendly drugstore, we actively support our employees in their personal lives, particularly during significant life events such as starting a family. We offer one-off support to celebrate the joyous occasion of welcoming a new member to the family and warmly welcome back those returning from maternity leave.

In all areas of our operations, we cultivate a nurturing and inclusive working environment, welcoming new colleagues into a supportive team each day.



EMPLOYMENT DATA

1988 EMPLOYEES

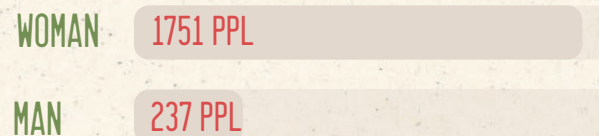
in total



PERMANENT EMPLOYEES

1988 EMPLOYEES

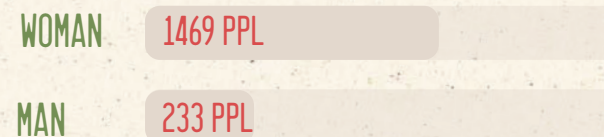
in total



FULL-TIME EMPLOYEES

1702 EMPLOYEES

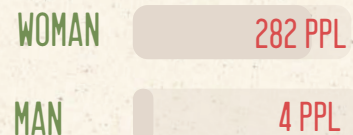
in total



PART-TIME EMPLOYEES

286 EMPLOYEES

in total



NON-EMPLOYED WORKERS:

- temporary employees
- students in logistics and stores

NUMBER AND PROPORTION OF NEW EMPLOYEES BY AGE, SEX AND REGION

Counties	New employees	Ratio	Women			Men		
			Under 30	30-50	50+	Under 30	30-50	50+
Bács-Kiskun	19	3%	14	5				
Baranya	12	2%	6	5	1			
Békés	14	2%	7	6		1		
Borsod-Abaúj-Zemplén	18	3%	9	9				
Budapest	124	20%	56	51	11	5	1	
Csongrád	20	3%	13	6	1			
Fejér	36	6%	17	15	3	1		
Győr-Moson-Sopron	52	8%	33	19				
Hajdú-Bihar	20	3%	16	4				
Heves	7	1%	1	3	3			
Jász-Nagykun-Szolnok	16	3%	7	9				
Komárom-Esztergom	14	2%	8	4	2			
Nógrád	6	1%	2	2	2			
Pest	281	45%	82	117	16	39	20	7
Somogy	26	4%	15	8	1	1	1	
Szabolcs-Szatmár-Bereg	13	2%	4	8	1			
Tolna	10	2%	9	1				
Vas	10	2%	1	7	2			
Veszprém megye	19	3%	12	4	2	1		
Zala	8	1%	2	5	1			
	725		314	288	46	48	22	7
				Nő	648		Férfi	77
					89%			11%

FLUCTUATION

In our commitment to people-centred management, we prioritise employee engagement, understanding individual needs, finding common solutions, continuously improving wages, and supporting work-life balance. Our goal is to retain our employees for the long term and minimise turnover. Across different areas of our company, turnover rates may vary. Notably, in the head office, we have achieved a turnover rate below 14%.

MOTHERS AFTER MATERNITY LEAVE

Our drugstore character is defined by the fact that more than 90 percent of our employees are women, with nearly 300 of them young mothers. We recognize the challenges of returning to work after 1-2 years with young children.

TOTAL NUMBER AND RATE OF FLUCTUATION (BY AGE GROUP, GENDER AND REGION)

Headquarter:

2021 6.87%

2022 13.97%

Logistics:

2021 35.45%

2022 22.04%

Sales:

2021 29.19%

2022 38.42%

Total:

2021 28.48%

2022 32.64%



DATA ON PARENTAL LEAVE:

We feel a responsibility to support this transition, therefore, we offer options such as part-time work for 4 or 6 hours, as well as the opportunity to work from home. For those returning to a new job after years at home, we assist in their integration by providing retraining opportunities, primarily applicable to office positions in the head office. However, due to the alternating shifts in our shops to match opening hours, this is currently not feasible in that context.

Vulnerability at the organisation (women, mothers, people with disabilities, work-life balance)

Vulnerable organisation

WOMEN 1731 PPL

MEN 257 PPL

Total number of employees that were entitled to parental leave:

334 PEOPLE
in total

WOMEN 294 PPL

MEN 40 PPL

Total number of employees that returned to work:

36 PEOPLE
in total

WOMEN 36 PPL

MEN 0

Total number of employees that took parental leave:

261 PEOPLE
in total

WOMEN 260 FÖ

MEN 1 FÖ

Retention rate:

36 PEOPLE
in total

WOMEN 36 PPL

MEN 0

MID-LEVEL MANAGEMENT

		Under 30		30-50		50+		Total
MID-LEVEL MANAGEMENT	Male	1	3%	15	45%	1	3%	17
	Female	1	3%	13	39%	2	6%	16
		2	6%	28	85%	3	9%	33



PEOPLE WITH REDUCED WORKING CAPACITY

In the logistics sector, we have established positions tailored to individuals with disabilities, creating opportunities for meaningful employment.



In 2022, we employed 36 individuals with disabilities in these dedicated roles.

“The sensitivity inherent in women has the power to contribute to a better world. As a result, female leaders should embrace and harness this quality rather than adopting traditionally perceived ‘masculine’ approaches. The utilisation of these energies is paramount,

transcending the gender of individuals in leadership positions”

- EMPHASISED KORNÉL NÉMETH, ROSSMANN CEO

WORK-LIFE BALANCE

Achieving a work-life balance in the retail sector, especially in roles involving weekend and evening shifts, poses unique challenges. Recognizing these challenges, we are committed to supporting our colleagues wherever possible.

To facilitate a better work-life balance, we now offer the opportunity for our headquarters staff in Üllő to work remotely three times a week. This initiative not only contributes to

positive social impacts but also addresses environmental concerns associated with commuting.

Additionally, remote work options are extended to certain roles in our headquarters, and in Bonyhád, Pécs, Kaposvár, and Nagykanizsa.

EMPLOYEE INVOLVEMENT AND PERFORMANCE EVALUATION

We highly value feedback from our employees and actively encourage them to share their ideas and opinions through various platforms such as satisfaction surveys, idea boxes, and employee forums. Regular informal conversations provide our employees with feedback on their performance and offer opportunities for improvement.

EMPLOYEE SATISFACTION

In recent years, employers have faced the challenge of providing stability and security in the workplace, instilling confidence in their employees amid the certainty of change.

At Rossmann, we have consistently communicated and demonstrated our reliance on our existing staff from the beginning. Crisis periods, including pandemics, war, and energy crises, present challenges for organisations but also offer opportunities to demonstrate our commitment to our employees.

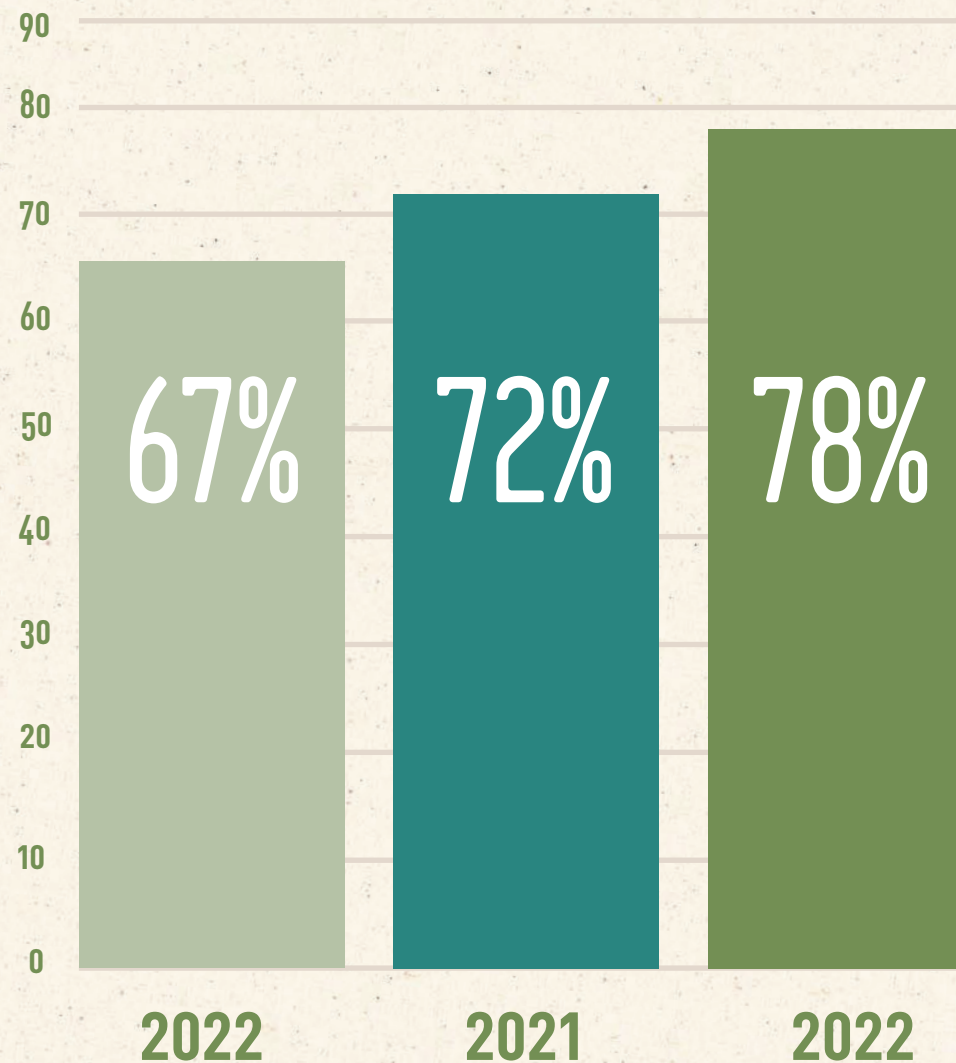
COMPANY SATISFACTION INDICATORS ARE IMPROVING YEAR ON YEAR

Employee satisfaction is our top priority. To understand our employees' needs, we value their honest feedback about our company.

Colleagues contribute to the company's progress by sharing their ideas and concerns, providing us with valuable insights for improvement.

Since 2013, we have been measuring employee satisfaction through anonymous surveys, gaining a genuine understanding of the work environment and how we could become better employers.

We use this feedback to enhance our role as an employer and address key areas for improvement highlighted by our employees.



ROSSMANN WINS BEST WORKPLACE AWARD

THE DRUGSTORE CHAIN HAS ACHIEVED A SIGNIFICANT MILESTONE BY BECOMING THE FIRST MAJOR COMPANY TO RECEIVE THE AWARD AMID THE CHALLENGES POSED BY THE CORONAVIRUS PANDEMIC.

Rossmann Hungary has been consistently measuring employee satisfaction and engagement since 2013. In 2022, more than 1,800 employees participated in the survey conducted by Kincentric, an independent professional services firm. The survey encompassed hundreds of companies, revealing an average engagement score of 62% for those surveyed in Hungary. Rossmann secured the Best Workplace title with an impressive 78% engagement score and a remarkable 90% participation rate. This achievement is noteworthy, especially considering that Rossmann's employee engagement was previously at the market average until 2019. The company's strategic decision to prioritise and improve engagement has resulted in a positive transformation, making Rossmann the sole recipient of the Best Workplace title in the retail sector in Hungary from 2020. This success underscores the company's commitment to addressing challenges, processing employee feedback, implementing necessary changes transparently, and fostering a culture of continuous improvement.



WE ARE PROUD THAT SINCE 2020, ROSSMANN IS THE ONLY COMPANY OPERATING IN THE RETAIL SECTOR IN HUNGARY, WHICH WON THE BEST WORKPLACE TITLE.

„We're delighted with all the awards and accolades, but what really makes us happy is the anonymous, positive feedback from our employees. We have been able to adapt to circumstances in recent years, we have not sought the usual stability, we have even been able to find a new balance on a daily basis. The anonymous survey shows that our employees feel safe and like working at Rossmann. Achieving such prestigious recognition is difficult in a small company, almost impossible in the retail sector and in a large corporation. It is a special feature of the sector that we serve the needs of our customers in both the in-store and online areas, we are on a high rhythm, no two days are the same. We are proud that our employees feel that the company does its best to provide them with a stable background and the best possible working environment”

- SAID THE COMPANY'S MANAGING DIRECTORS,
LÁSZLÓ FLÓRIÁN AND KORNÉL NÉMETH.

ROSSMANN HUNGARY WINS THE RELIABLE EMPLOYER AWARD

In 2022, the German-Hungarian Chamber of Industry and Commerce (DUIHK) once again announced its application for the title of Reliable Employer. Launched in 2017, the initiative aims to raise awareness of the importance of good working conditions, encourage companies to create an employee-friendly environment, and strengthen the position of companies in the labor market for current and future employees.

The Reliable Employer Award is particularly pleasing for the company because the competition looked at not just one segment of its HR activity but the whole of it in a complex way. It has always been important for Rossmann that employees know they can rely on the employer in different situations and that the company finds a strategy to ensure not only stability but

RELIABLE
WORKPLACE



also continuous development in the face of unexpected global market conditions. To this end, top management has always considered it important to treat employees as partners, as their work and commitment are the basis for Rossmann Hungary's 30 years of being a leading and successful player in the Hungarian drugstore market.

At the award ceremony on May 19, 2022, Rossmann Hungary Ltd. was among the winners. The awards were presented by Dr. László Palkovics, Minister of Technology and Industry, András Sávós, President of DUIHK, and Ágnes D. Vörös, Head of HR at BASF, on behalf of the professional jury

WE TAKE RESPONSIBILITY FOR OUR EMPLOYEES

Rossmann Hungary strives to support employees facing special or challenging life situations, tailoring assistance to their individual needs and requirements. The company provides support in various ways, addressing situations such as family expansion or temporary financial difficulties to assist its employees.

WE PROVIDE A SAFETY NET FOR OUR EMPLOYEES

Rossmann Hungary, as a responsible employer, acknowledges its duty to support employees facing special or challenging circumstances. The Rossmann Caring program encompasses various forms of assistance, including funeral support, baby birth grants, salary advances, and loans. The company also provides colleagues in challenging situations with a free monthly package of products from its drugstore range.



To further enhance support, the Rossmann Social Fund was established in December 2022. This fund offers quick and discreet financial assistance to employees during extraordinary life situations while ensuring anonymity. While the company believes that not many employees will experience particularly difficult situations, it takes pride in providing every Rossmann employee with the assurance of support during times of crisis.

Under the “You can count on us!” program, free counselling services are offered to employees and their families, covering psychological, legal, financial, and health-related matters.

EMPLOYEE WELL-BEING AND HEALTH

Promoting employee health and safety goes beyond meeting legal and regulatory requirements; it reflects ethical behaviour and corporate social responsibility. A healthy working environment and employee well-being are crucial for workplace productivity, engagement, retention, and the long-term success of the company

HEALTH AND SAFETY AT WORK

Ensuring the health and safety of our staff at work is our top priority at Rossmann. We believe that only physically healthy and mentally balanced employees can perform well, work efficiently, and enjoy their work. Taking care of our employees not only contributes to their health but also fosters greater commitment to our company. In the current labour market situation, it is crucial for us that our employees work in a safe and secure environment and feel that we, as an employer, prioritise their safety and well-being.

In 2022, there were no occupational illness, no deaths as a result of occupational illness, no recorded occupational illness in our company.

WORKERS' HEALTH PROMOTION HEALTH DAY

We have implemented various initiatives, including the Rossmann Health Day, which offers a free preventive health check-up for all employees at our Üllő centre once a year.



We strongly believe in the importance of prevention, recognizing that early detection of illnesses enhances the prospects of a swift and complete recovery. This event is part of our commitment to prioritise the health and well-being of our workforce.



Additionally, our middle and senior managers have the opportunity to participate in a manager screening to address specific health needs and concerns.



In 2022, we extended our commitment to employee health by organising screening campaigns.

Approximately 200 employees from our headquarters and logistics area participated in a screening campaign offering tests for melanoma, abdominal ultrasound, thyroid, and tumor markers for breast and prostate health.

200 EMPLOYEES
from HQ and Logistics

CC. 200 EMPLOYEES
from Sales

For our sales staff, totaling around 200 individuals, a separate screening van was provided, offering various tests such as breast ultrasound, ultrasound for bone density, and capillary and body parameter tests.

TRAINING AND EDUCATION

We believe that it is important for our employees to continuously develop their skills and knowledge, contributing to the long-term success of the company and enabling them to respond effectively to changing market conditions and challenges.

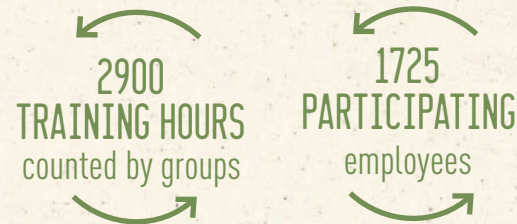
TRAINING AND EDUCATION

We support the skills development and career advancement of our staff through a variety of programs. Recognizing that the success and long-term sustainability of our business hinge on our ability to retain, motivate, and equip our employees with the skills and abilities to navigate confidently in a dynamic and evolving retail environment, we are committed to creating a working environment where our employees have continuous opportunities for growth and skill expansion.

TRAININGS HELD IN 2022:

1. > SCO CASHIER TRAINING
2. > LEADERSHIP DEVELOPMENT
3. > STRESS MANAGEMENT
4. > EXCEL
5. > PROJECT MANAGEMENT
6. > CONFLICT MANAGEMENT
7. > DISC
8. > LANGUAGE TRAINING
9. > INTERVIEW TECHNIQUES
10. > COOPERATION
11. > COMMUNICATION
12. > COACHING

AVERAGE TRAINING HOURS PER YEAR PER EMPLOYEE



Sales



Headquarters



PERFORMANCE AND CAREER DEVELOPMENT EVALUATION

We believe it is important to provide our staff with continuous training and career development opportunities. Everyone needs a vision for the future, job security and the opportunity for professional growth. Once a year, all employees receive feedback on their performance and development opportunities in the form of informal meetings. During these discussions, the employee can also give feedback to his/her supervisor, and areas for development are identified together. Annual appraisals by managers are recorded in the company system and, depending on the results, colleagues are offered training.

ROSSMANN ACADEMY

The Rossmann Academy, a longstanding host of our sales management training, plays a central role in building and advancing knowledge in the sales domain. Newly appointed colleagues and promising candidates earmarked for potential store manager roles are recommended by their respective managers. When fill-

61 FŐ
VÉGEZTE EL
a Rossmann
Akadémiát

ing open positions, we primarily select managers from among our academy graduates. In the 2022 academic year, a total of 61 candidates participated in and successfully completed the program.

SUPPORTING CHANGE

We acknowledge that change is a constant factor in both our organisational and individual lives. As such, we assist our team in navigating and adapting to new situations. We provide retraining opportunities for employees in closed shops and offer home office support for our customer service staff. For retired staff, we provide the option of continued employment in the same role if desired.

Additionally, we actively support the reintegration of a crucial group of employees—mothers.

WORK PROCESSES AND LEADERSHIP DEVELOPMENT

A munkafolyamatok és vezetői készségek fejlesztése érdekében 2022-ben 534, Rossmann üzletben dolgozó munkatársunk vehetett részt soft skill képzésekben. A hatékony vezetői eszköztár című képzés lebonyolítását az Európai Unió GINOP Plusz-3.2.1-21 pályázata tette lehetővé, 21 millió forint értékben.



SKILL DEVELOPMENT

We also offer practical training to facilitate skills development within the organisation. Our colleagues can enhance their computer skills, language proficiency, and collaboration skills through individual and group coaching sessions.

Professional and competence development training is also accessible for our store employees, while store managers and deputies have the opportunity to engage in leadership development once a year.

With the backing of the Hungarian State and the European Union, we have conducted training sessions valued at 53 million HUF covering change management, people management, situational communication, and spreadsheet skills.

COMPANY BREAKFASTS

We are dedicated to fostering a corporate culture where transparent communication is a fundamental value. We appreciate personal and direct dialogue, maintaining a strong connection with our employees. In October 2022, we continued our now traditional company breakfast.

Our CEOs, László Flórián and Kornél Németh, provided a comprehensive update on the latest company results and current issues, introduced new team members, and addressed questions that our colleagues are currently facing. We also shared the positive news that our company has



DIVERSITY AMONG EMPLOYEES AS A PERCENTAGE, ACCORDING TO THE FOLLOWING CATEGORIES: BY GENDER

DIVERSITY AND EQUAL OPPORTUNITIES

WE ARE MANY AND DIVERSE

Rossmann employees hail from approximately 114 countries worldwide, and we firmly believe that this diversity enriches us—both as individuals and as an employer. It fosters constant openness, mutual respect, and non-prejudice in our daily interactions, and our commitment to diversity also promotes equal opportunities.

Our focus is on groups that, for various reasons, may encounter challenges entering the labour market. As a socially responsible company, we particularly emphasise the employment of people with disabilities.

Within an institutionalised framework, we employ 36 people with disabilities each year in the logistics area. We have consciously chosen not to automate work processes currently carried out by people with disabilities in logistics, ensuring their access to stable employment opportunities.

Our commitment to diversity is also reflected in the age distribution of our staff. We believe it is important to provide employment opportunities for people of different age groups who find it

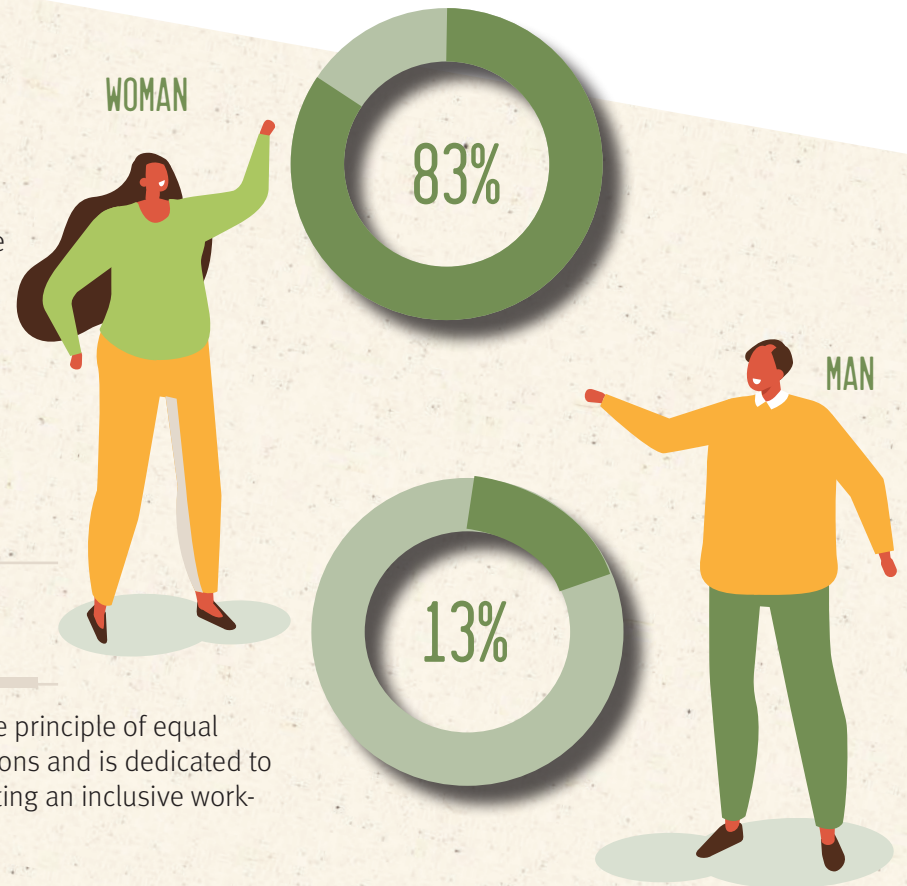
more difficult to enter the labour market.

This is why we already advertise our welcome for people over 50, as their experience contributes to the efficiency of our processes.

Discrimination has no place at Rossmann

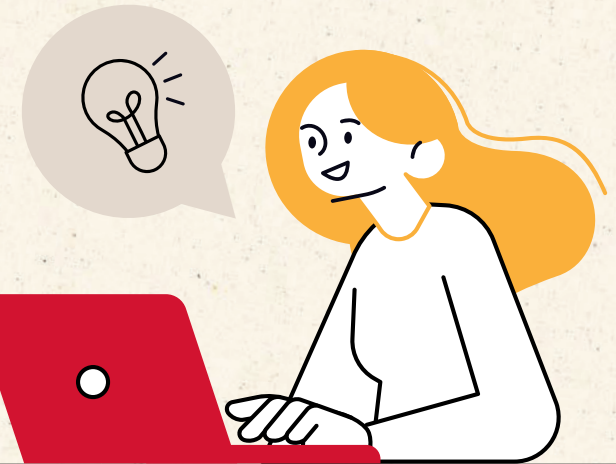
Rossmann adheres to the principle of equal treatment in all its decisions and is dedicated to establishing and supporting an inclusive working environment.

We do not tolerate discrimination and prohibit exclusion based on religion, belief, disability, age, sexual orientation, race, or ethnic origin. As of now, no incidents of discrimination have been reported by our employees.



Age breakdown: under 30, 30-50, 50+;

UNDER 30: 25% 30-50: 55% 50+ 21%



Breakdown of 2022 employment		Under 30		Between 30-50		50 +				
Management	Man			8	0%	3	0%	11		
Management	Woman			12	1%	7	0%	19		
Other employee	Man	76	4%	134	7%	36	2%	246	nők:	1731
Other employee	Woman	417	21%	930	47%	365	18%	1712	FFI	257
		493	25%	1084	55%	411	21%	1988	NŐK%	0.8707243461

ROSSMANN - CSR, LOCAL COMMUNITIES

Supporting different social groups is a crucial commitment for us. We recognize our responsibility to support social groups connected to our business or impacted by it. Corporate social responsibility and creating a positive social impact are integral to the long-term success of the company. By supporting various social groups, we aim to make a positive difference in the lives of the communities we serve. This support also contributes to fostering social cohesion and promoting equality.

RESPONSIBILITY - OPEN EYES IN THE WORLD

Our commitment to our communities, both large and small, has been at the core of our mission from the beginning. Through our activities, infrastructure, supply chain, and product range, we have an impact on the environment, economy, and society, affecting our employees, Üllő residents, those in our headquarters, and the broader civil society.

It is both our responsibility and obligation to give back to these communities, sharing the value we produce. Supporting children and families in Hungary, Germany, and globally is one of our most significant causes. Our support is rooted in a longstanding dedication to societal well-being, contributing to projects and initiatives that benefit our communities.

WE LIKE TO HELP

We adhere to the principles of the CSR strategy for sponsorship requests, with a particular focus on supporting mothers, mothers with young children, promoting healthy lifestyles, and ensuring equal opportunities. Our company typically provides sponsorship support through our own brand products. Each sponsorship application is evaluated on an individual basis within a regulated framework.

We strongly believe in partnerships, recognizing that together we can achieve much more.

Many of our CSR programs are organised in collaboration with partner companies to maximise our collective social impact. hatás elérése érdekében.

IN PARTNERSHIP WITH ÜLLŐ

We consistently offer educational and product support to nurseries, kindergartens, and children's homes in Üllő, our centre's location, as well as in surrounding municipalities and disadvantaged rural communities. In Üllő, we actively support sports clubs by covering the one-year sports fees for student athletes, providing support to approximately 250 local families. Looking ahead, we aim to develop a consciously crafted strategy with our local communities, considering our presence in around 140 cities across the country.

HÉTSZÍNVRÁG KINDERGARTEN

At Rossmann, our social mission is centred around aiding children in need. In 2022, we extended our support to the Sályi Hétszínvirág Kindergarten in Borsod county. Through our assistance, we aim to integrate these children into our lives more deeply. This involves providing monthly packages of own label products, substantial portions of fruit, and organising quarterly fundraising events tailored to the kindergarten's needs.

Beyond financial aid, our goal is to actively engage our staff in the nursery's life and the small community it serves. Through joint fundraising efforts with our employees, we've been able to make significant donations to the kindergarten. As Christmas approached, our staff enthusiastically prepared, shopped, and packed gifts, fulfilling the personal wish lists of 67 children.

For every face-to-face meeting, a different staff member visits the nursery because supporting children holds significant meaning for all our colleagues. It's crucial for us that as many team members as possible can experience the joy of giving!

OTHER ORGANISATIONS SUPPORTED BY ROSSMANN HUNGARY:

1.

HOUSE OF PARENTS FOUNDATION
Szátok Children's Home

2.

INDIT PUBLIC FOUNDATION
Addiction Counselling Centre in Kaposvár

3.

GOTTSEGEN GYÖRGY NATIONAL CARDIOLOGY INSTITUTE
Children's Intensive Care Unit

4.

CIVIL VALUE ASSOCIATION
Üllő

5.

VÉGSŐ VÁR FOUNDATION
Budapest

6.

ZSÓFIA JUHÁSZ REFORMED CHARITY HOME
Órbottyán

7.

DÉVAI SZENT FERENC FOUNDATION
support for orphans and severely disadvantaged children

8.

BABA-MAMA CLUB
Üllő

ROSSMANN AMONG THE COOL COMPANIES

In 2022, Rossmann became a part of the list of Cool Companies supporting the Edisonplatform. With one in three of Rossmann's nearly 2,000 employees being parents, as a Cool Company, aims to assist current children in acquiring essential competencies and skills for the future through its employees as well.

Beyond financial support, Rossmann has also personally committed to the initiative, collaborating with other Cool Companies to create a tangible impact.



EDISONPLATFORM
BY BRIDGE BUDAPEST

The Edisonplatform is a community that unites innovative and future-oriented initiatives dedicated to developing children, with a focus on preparing young children for the future. It employs exciting new approaches to help pre-school and school-age children find their place in the world of meaningful work in the future.

The Edisonplatform's annual publication, the Edison100 list, serves to keep parents informed about available child development programs nationwide. Given that many of Rossmann's staff are parents and grandparents, the company has ordered a map for each colleague, providing valuable assistance in reducing the time parents spend searching for different development organisations.

Recognizing that many customers are also parents, maps have been placed in the packing areas of the 50 busiest stores for customers to take away for free, offering tangible support and information.

„Children are, in some ways, a mirror image of adults. They learn everything from us, consciously and unconsciously.

I believe that we are now raising the first generation of children whose parents may have already walked the path of self-awareness, which can serve as a foundation for a higher level of consciousness and a more sensitive world... The world of work is subject to the same mechanisms of change as our everyday lives - I am thinking here of pandemics, for example, or even the wars we are still experiencing today. Everything is very fast, and the only way to get through these changes is to adapt to them. I think that adaptation will also be a key factor in the world of work in the future”



STATED KORNÉL NÉMETH,
MANAGING DIRECTOR OF
ROSSMANN HUNGARY



According to Kornél Németh, the competence of the future is self-awareness, which every child needs, and adaptability will be increasingly valued in the world of work.

A portrait of Dirk Rossmann, an older man with a grey beard and balding head, smiling. He is wearing a dark blue sweater over a light blue collared shirt. The background is a blurred outdoor scene with water and trees.

„HELPING PEOPLE IN
NEED - THAT'S THE
WORD OF THE MOMENT..”

- aid Dirk Rossmann, making it clear that he was not talking about broad-based aid, but rather concentrated aid, meaning that the focus should be on the long term, with aid going to a specific target group or a specific problem area. In the context of disasters and acute refugee assistance, it may also be a question of donating money and other goods.

UKRAINE EXAMPLE -

Our social commitment also includes financial and in-kind donations for disaster relief and emergency assistance to refugees. We worked with a number of organisations including the Age of Hope Foundation, the Hintalovon Children's Rights Foundation and the Ecumenical Relief Organisation or Baptist Relief Services.

We supported the refugee families of our non-employed workers fleeing from the war - we offered them temporary accommodation and also helped them with the administration and paper work during their stay in Hungary.



ORGANISATIONAL MEMBERSHIPS

- Hungarian Trade Association
- Business Council on Sustainable Development Hungary
- German and Dutch Chamber of Commerce
- Hungarian Marketing Association
- Hungarian Advertising Self-Regulatory Board
- Edison Platform

Appendix

GRI standards list

Universal standards			
	Topic disclosures	Where to find	Comment
2-1	Organizational details	7	
2-2	Entities included in the organization's sustainability reporting	11, 12	
2-3	Reporting period, frequency and contact point	7,11, 72,	
2-4	Restatements of information		Information from previous reporting periods has not been repeated in the report
2-5	External assurance	7	The report is not audited by an external body.
2-6	Activities, value chain and other business relationships	7	
2-7	Employees	51	
2-8	Workers who are not employees	51	
2-9	Governance structure and composition	10	
2-10	Nomination and selection of the highest governance body	11	
2-11	Chair of the highest governance body	10	
2-12	Role of the highest governance body in overseeing the management of impacts	12	
2-13	Delegation of responsibility for managing impacts	12	
2-14	Role of the highest governance body in sustainability reporting	12-14	
2-15	Conflicts of interest	10	
2-16	Communication of critical concerns		Confidential information
2-17	Collective knowledge of the highest governance body	10-11	
2-18	Evaluation of the performance of the highest governance body	55	Sustainability is not included in the evaluation.
2-19	Remuneration policies		
2-20	Process to determine remuneration		Confidential information

Universal standards			
	Topic disclosures	Where to find?	Comment
2-21	Annual total compensation ratio		Confidential information
2-22	Statement on sustainable development strategy	5	
2-23	Policy commitments		Operating in decentralised structures
2-24	Embedding policy commitments		Policies are being embedded
2-25	Processes to remediate negative impacts	33, 39, 44,	
2-26	Mechanisms for seeking advice and raising concerns		
2-27	Compliance with laws and regulations	22	
2-28	Membership associations	71	
2-29	Approach to stakeholder engagement	12	
2-30	Collective bargaining agreements		No collective bargaining agreement
Economic performance			
3-3	Management of material topics	12	
201-1	Direct economic value generated and distributed	12	
201-2	Financial implications and other risks and opportunities due to climate change		
201-3	Defined benefit plan obligations and other retirement plans		Not relevant
201-4	Financial assistance received from government		Not relevant
Procurement practice			
3-3	Management of material topics	25-27	
204-1	Proportion of spending on local suppliers	28	

Energy			
3-3	Management of material topics	33	
302-1	Energy consumption within the organization	36	
302-2	Energy consumption outside of the organization		
302-3	Energy intensity		
302-4	Reduction of energy consumption	37	
302-5	Reductions in energy requirements of products and services	33-43	
Emission			
3-3	Management of material topics	33-37	
305-1	Direct (Scope 1) GHG emissions	38	
305-2	Energy indirect (Scope 2) GHG emissions	38	
305-3	Other indirect (Scope 3) GHG emissions		We do not measure Scope3 emissions yet.
305-4	GHG emissions intensity	38	
305-5	Reduction of GHG emissions	38	
305-6	Emissions of ozone-depleting substances (ODS)		We do not produce ozone depleting substances.
Waste			
3-3	Management of material topics	44	
306-1	Waste generation and significant waste-related impacts	44	
306-2	Management of significant waste- related impacts	44-47	
306-3	Waste generated	47-48	
306-4	Waste diverted from disposal	48	
306-5	Waste directed to disposal	48	

Employment			
3-3	Management of material topics	50	
401-1	New employee hires and employee turnover	52	
401-2	Benefits provided to full-time employees that are not provided to temporary or part- time employees		Benefits provided are not segmented along these categories
401-3	Parental leave	53-54	
Occupational Health and Safety			
3-3	Management of material topics	59,	
403-1	Occupational health and safety management system	42, 60	
403-2	Hazard identification, risk assessment, and incident investigation	42	
403-3	Occupational health services	42	
403-4	Worker participation, consultation, and communication on occupational health and safety	42	
403-5	Worker training on occupational health and safety	42	
403-6	Promotion of worker health	60	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	42	
403-8	Workers covered by an occupational health and safety management system	42	
403-9	Work-related injuries	42	
403-10	Work-related ill health	42	

Training and education			
3-3	Management of material topics	61	
404-1	Average hours of training per year per employee	61	
404-2	Programs for upgrading employee skills and transition assistance programs	62	
404-3	Percentage of employees receiving regular performance and career development reviews	62	
Diversity and equal opportunity			
3-3	Management of material topics	64	
405-1	Diversity of governance bodies and employees	11, 65	
405-2	Ratio of basic salary and remuneration of women to men		Confidential information
Consumer health and safety			
3-3	Management of material topics	30	
416-1	Assessment of the health and safety impacts of product and service categories	25, 30	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	30	
Customer Privacy			
3-3	Management of material topics	23	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	23	

IMPRESSUM

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stay in touch!**

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