

# Sustainability

# VALUE CHAIN

From field to customer: the Valora Group follows a sustainability strategy along the entire value chain. The upstream value chain goes from raw material production through several processing steps to the wholesalers and logistics partners. Valora obtains goods via these suppliers, including own brands, and sells them to consumers (B2C). It also supplies items from its own pretzel production facilities to other companies (B2B). The different sales outlet formats are operated by Valora employees or franchise and agency partners with their own staff. They all brighten up their customers' day, particularly at airports, railway stations and central urban locations.



## VALORA SUSTAINABILITY STRATEGY

*“Our internal and external stakeholder groups are growing increasingly aware of global ecological and social challenges. As a result, they are expecting more from Valora Group. And rightly so.*

*We assume responsibility through our sustainability strategy for our business conduct along the entire value chain. Sustainability is one of the five pillars of*

*Valora’s business strategy and is to become part of our everyday business”, says Franz Julen, Chairman of the Valora Board of Directors.*

## APPROACH TO SUSTAINABILITY

### SUSTAINABILITY AT VALORA

The growing world population, an ever bigger global middle class, urbanisation, climate change and the accelerating effect of digitalisation: these drastic developments impact the Valora Group along its entire value chain. They offer opportunities as well as challenges while, at the same time, contributing to further reinforce the company's sustainability endeavours.

As a responsible company, Valora Group looks after its employees and protects the environment. Valora wants to exceed the expectations of its customers with excellent products and generate an attractive return in the process. To achieve these goals, Valora is pursuing a sustainability strategy based on three pillars: People, Planet and Products.

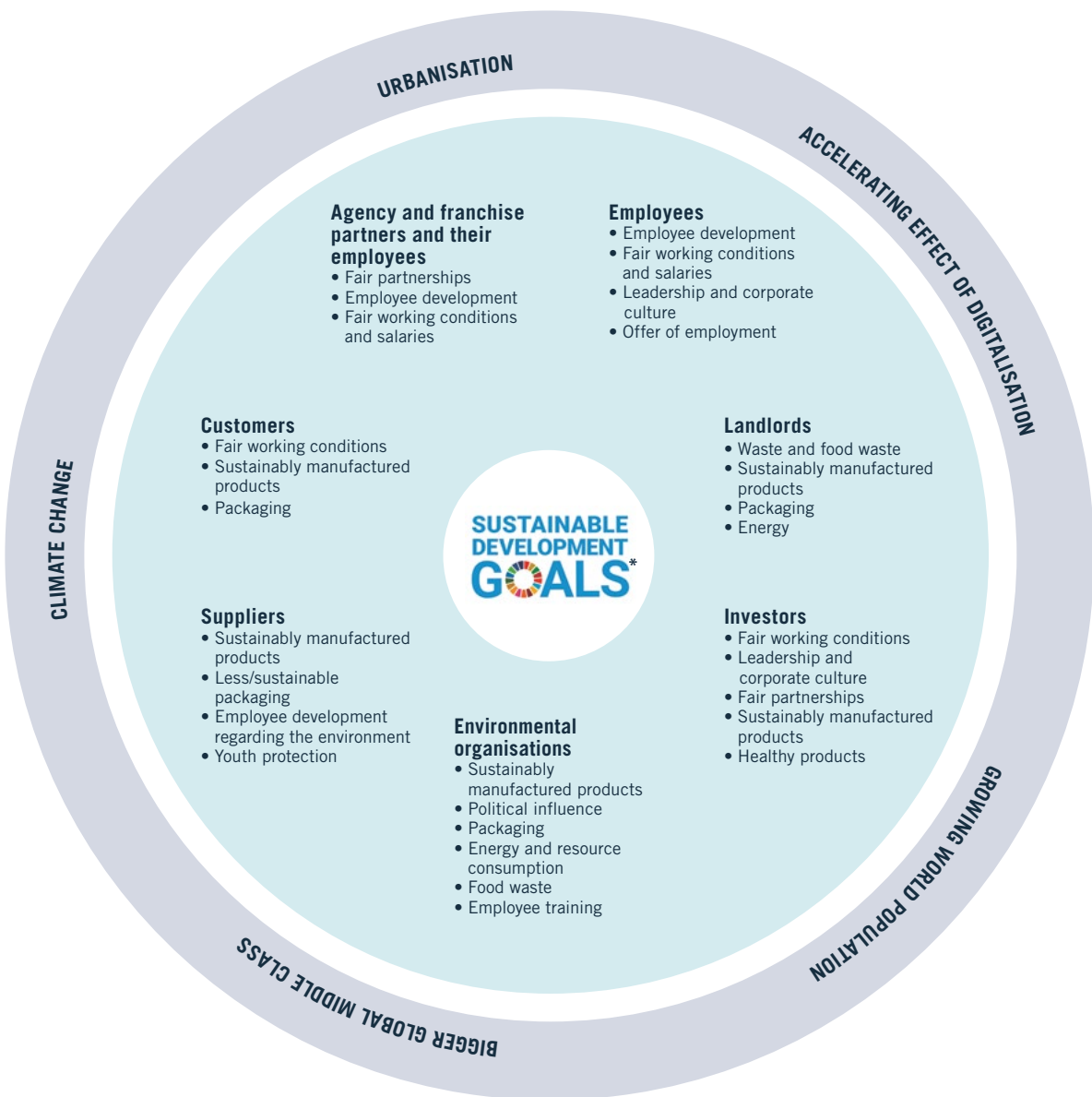
### MATERIALITY ANALYSIS

The materiality analysis serves as the basis of Valora's sustainability strategy: in 2019, the relevant sustainability issues were identified, prioritised and validated as part of a multi-step process. Central elements include the impact analysis and stakeholder engagement.

Initially, experts assessed the impact of Valora's business activity on sustainable development along the value chain (impact analysis). In a next step, stakeholders including customers, partners, landlords and environmental organisations expressed their expectations of Valora Group in interviews. The chart on page 51 summarises these stakeholder expectations.

### MATERIALITY MATRIX

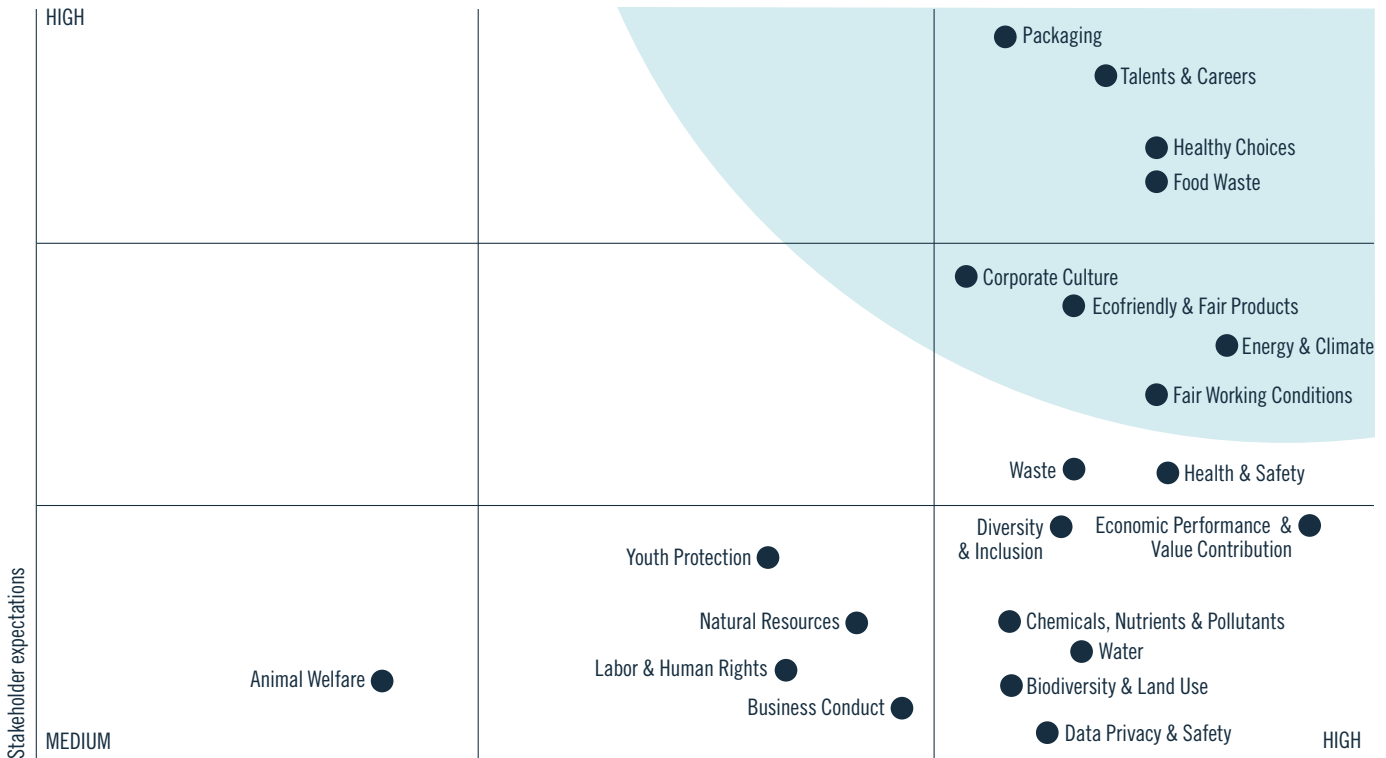
The impact analysis and stakeholder engagement results were summarised in a materiality matrix (see page 52). The vertical axis shows stakeholder expectations of Valora, while the horizontal axis shows the consequences (impact) of Valora on sustainable development along the value chain. The eight topics highlighted in colour in the top right were classified as material. Further details of the materiality analysis are outlined in the [2019 Sustainability Report](#).



**MEGATRENDS AND EXPECTATIONS OF KEY STAKEHOLDER GROUPS**

\*Sustainable Development Goals = SDG

# Sustainability Report



Valora's impact on sustainable development

**Materiality matrix with the results from the impact analysis and stakeholder engagement**

## STRATEGIC DEVELOPMENT

The results of the materiality analysis were then assessed from an economic perspective and compared with the corporate strategy. Results: Fair working conditions and the promotion of talent contribute to increasing attractiveness as an employer. Costs can be reduced through measures aimed at saving energy and preventing food waste. Sustainable and healthy products can become a competitive advantage over competitors.

In the final step, the material topics from the materiality matrix (see chart above) were consolidated and assigned to three pillars: People, Planet, Products. Measures and key figures were defined for seven of the total of eight topics. Together with stakeholder engagement and innovation, the eighth topic, namely

cultural change, forms the basis for the implementation of the sustainability strategy as an “enabler”. It is therefore being managed as a cross-cutting topic (see page 68).

## STATUS AND FUTURE


The short-time working necessitated by the COVID-19 pandemic has impacted and delayed several sustainability projects. The strategic development of various product ranges has also had to be delayed.

The Valora Group Executive Management and Board of Directors nonetheless still identify strongly with sustainability. It is also anchored in the business strategy, where it forms the fifth pillar. In 2021, the expansion of the key figures and the definition of further quantitative goals are on the agenda. Moreover, Valora

will increase its communication of the sustainability strategy within and outside the company.

## REPORT STRUCTURE

All the material topics (apart from cultural change) are allocated their own chapter each, as with the GRI standards. The chapters address relevance, measures and progress. An evaluation of what has been achieved thus far, plus a look ahead to 2021 rounds off each chapter. Pages 69-72 present all quantitative data in tabular form.

 Delays caused by the COVID-19 pandemic are marked with a virus symbol when reporting on progress made in 2020. Furthermore, announcements for 2021 depend on dynamic developments related to COVID-19.

# SUSTAINABILITY THREE ACTION AREAS



## PEOPLE

Becoming a great place to work for everybody

**Priorities:**

- Fair Working Conditions
- Talents & Careers



## PLANET

Reducing our own environmental impact

**Priorities:**

- Food Waste
- Energy & Climate



## PRODUCTS

Becoming the go-to place for sustainable foodvenience

**Priorities:**

- Ecofriendly & Fair Products
- Healthy Choices
- Packaging

# SUSTAINABILITY

## ENABLERS

Innovation  
Stakeholder Engagement  
Culture

# PEOPLE FAIR WORKING CONDITIONS



SDG

Employees not only drive the implementation of the business strategy; they also represent the company externally. This is especially true for foodvenience provider Valora, whose employees shape the shopping experience of customers through direct, daily contact. Accordingly, employee satisfaction is equally important for Valora. It increases motivation and loyalty to the company.

Valora ensures fair working conditions to maintain employee satisfaction at a high level. Work satisfaction depends on different factors, such as working hours, work break rules, social benefits, job security, promotion of health, diversity, equality and remuneration. Many of these topics come under the remit of the HR departments in the individual business areas. At the same time, fair working conditions are a universal issue and the responsibility of all managers within the Valora network.

## EVALUATION AND OUTLOOK

During the crisis, Valora Group made a big statement regarding its reliability as an employer, among other things by topping up employees' salaries during short-time working, which particularly benefited low-wage

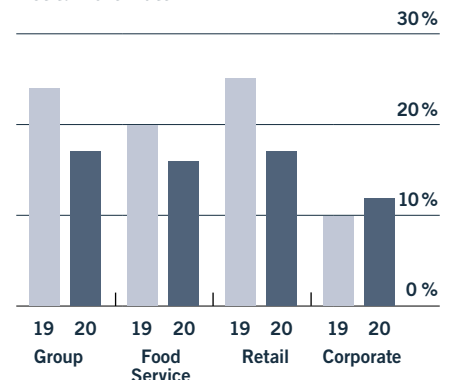
earners. Despite the unprecedented decline in customer footfall, only a small number of jobs had to be cut. Valora is counting on mastering the crisis together with its employees and partners.

At the end of 2020, Valora Group employed 4 641 own staff, –6.3 % fewer than in 2019. This decrease is partly due to the conversion of own outlets into franchise stores and agencies. The staff are now employed at the sales partners. Net turnover also fell on the basis of termination by employees: from 24 % (2019) to 17 % (2020).

The franchise and agency partners were also hard hit by the pandemic. Valora was able to alleviate its partners' worst afflictions through maintaining close contact and providing targeted financial support for cases of hardship caused by the virus. Valora also passed on rent reductions, initiated liquidity-supporting measures and assisted with requests for state subsidies.

The COVID-19 pandemic continues to restrict the scope for action in 2021 as well. Nonetheless, Valora will analyse measures to improve working conditions at its sales outlets. The systematic agency support in the Retail division will also be expanded by means of further training programmes.

Net turnover rate\*



\* The net turnover rate is calculated based on the number of departures following termination by employees in relation to the number of employees at the end of the year.






# Sustainability Report

## PEOPLE

### FAIR

### WORKING CONDITIONS

SELECTED MEASURES	STATUS	PROGRESS IN 2020	PLAN FOR 2021
Top up the short-time working compensation for Valora employees – unemployment insurance in Switzerland equates to 80% of the previous salary. In Germany, short-time worker's compensation is initially equivalent to 60 to 67% of lost earnings, only rising to 80 to 87% after seven months of short-time working. Valora tops up short-time allowances in certain cases.	●●●●●	Compensation for lost earnings through short-time working of 100% in April and 90% in May. Subsequent top-up to 80% for short-time compensation amounting to under 80% of lost earnings (e.g. in Germany).	Monthly review of further topping up opportunities in response to the crisis.
Partner support – the operating partners are supported in their business activities.	●●●●●	Subsidising franchise and agency partners and supporting when they faced liquidity bottlenecks with a sum in the low double-digit millions. Passing on of rent reductions and close support with applications for government support.	Monthly review of further topping up opportunities in response to the crisis.
Social dialogue – regular conversations and consultations with employee representatives are proposed and negotiations are conducted with them.	●●●●○	Focus on employee training at the 2020 meetings.	Continuation of social dialogue.
Valora Integrity Line – all network employees, partners and customers have the opportunity to report grievances anonymously online. The reports are processed by Valora's compliance officer.	●●●●○	Permanent availability via the Valora website. Notices in Swiss sales outlets. Delay in having notices at German sales outlets. Total of 34 reported cases (previous year: 43 cases). Conclusion of all 34 cases by 31 December 2020.	Ongoing permanent availability and rapid processing of reports. Increase in awareness of the Integrity Line through notices and references in the entire Valora network.
Business Partner Code of Conduct – The Code of Conduct is included in contracts with agency and franchise partners.	●●●●○ 	Inclusion in new contracts and incremental updating of all current contracts.	Inclusion in still pending partner contracts.
Equal pay analysis – statistical pay analysis to check for gender-based discrimination. This is a legal requirement in Switzerland from 2021.	●●○○○ 	Project start in Switzerland and planning of data collection.	Swiss-wide data-collection and analysis of equal pay.
Surveys – surveys are conducted to measure employee and business partner satisfaction and identify areas for improvement.	●○○○○ 	Postponement of planned employee survey to 2021.	Performance of a Group-wide employee survey depending on the development of COVID-19.

## PEOPLE TALENTS AND CAREERS



SDG

The modern working world is in a state of constant flux, which requires employees to be flexible and continually upskilling. In tandem, new knowledge, fresh skills and extra qualifications are good for employee performance, motivation and employability.

That's why Valora wants to offer attractive prospects to its employees as well as to its agency and franchise partners' employees. A working environment where they can develop by applying future-oriented competencies. The company leverages its internal development measures and coaching programmes accordingly for partners.

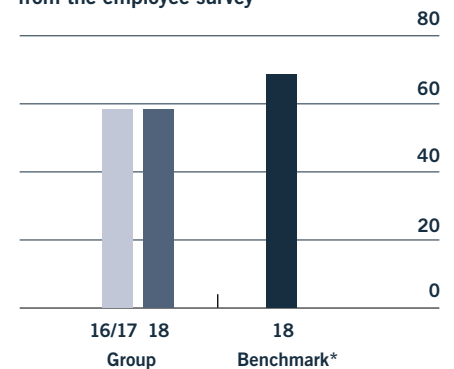
### EVALUATION AND OUTLOOK

Mandatory courses for all employees in the extended Valora network (for example regarding youth protection) can be efficiently managed through the e-learning platform. Many obligatory and optional attendance-based courses and programmes complement this offer. Agency and franchise partners also benefit especially from the format-specific induction programmes that prepare them for their role as inde-

pendent entrepreneurs. This approach is being developed further, notably in the Retail division.

Valora trains up its next generation of qualified employees with dual training programmes. The skills shortage at the Oranienbaum production facility is being addressed through an in-house training programme. A survey will be conducted in 2021 to determine whether these measures are sufficient for the staff.

Employee development score from the employee survey




The next employee survey will be in 2021.

Legend:  
up to 55: little to no agreement  
56 - 85: medium agreement  
from 86: full agreement

\* Sector-specific Swiss Employer Award 2018 for retail business

# Sustainability Report

## PEOPLE TALENTS AND CAREERS

SELECTED MEASURES	STATUS	PROGRESS IN 2020	PLAN FOR 2021
Internal job market – job offers are initially advertised in-house. This promotes transparency and contributes to the visibility of further development opportunities within the company.	●●●●●	Launch of a new job platform for the entire Valora network (excl. BackWerk and Ditsch USA), marked increase in internal recruitment. Temporary placement of over 60 employees in own network during short-time working.	Further increase in visibility of the job platform.
Apprenticeship organisation – trainees are deployed in different areas in the context of dual vocational training or dual university education. This is their platform into professional life, while Valora also benefits from the up-and-coming qualified professionals.	●●●●●	56 trainees in Germany and Switzerland, including 15 dual students.	Creation of additional training places, centralisation of training programme in the Swiss retail network.
Training of operating partners – entry of new franchise and agency partners is facilitated by a format-specific training course of several days.	●●●●○	Various virtual meetings and workshops. Opening of training campus for the BackWerk and Ditsch formats in Essen.	Continuation of meetings and workshops. Development of a further training programme for Retail Switzerland to prepare employees for managing sales outlets.
Further training programme – employees are trained in the production sites to assume key functions in the production process that are hard to fill from the free labour market. In addition, other format-specific programmes are offered.	●●●●○	Development and establishing of a programme in Oranienbaum: 18 untrained employees underwent instruction on becoming machine operators, six machine operators were upskilled to stock managers.	Continuation and expansion of the programme scheduled.
E-learning platform – employees and operators have access to a broad on-line offering of training courses and mandatory training (excl. BackWerk).	●●●●○ 	Over 23 000 completed e-learning courses (previous year: 65 000). Delay in the introduction of a new platform.	Introduction of new e-learning platform and development of new, structured onboarding and training programmes.

# PLANET FOOD WASTE



SDG

According to foodwaste.ch, approximately a third of foodstuffs worldwide fail to complete the journey from farm to table. That is problematic economically as well as ecologically. Most of the food waste stems from commodity processing and consumption. In absolute terms, the quantities are also relevant for Valora, especially with fresh products such as sandwiches or salads. Food waste affects not only Valora's sales outlets, but also its in-house production of pretzels.

To prevent food waste while at the same time saving costs, Valora's efforts will initially comprise improved volume planning to reduce oversupply. The next step is to sell any remaining stock at a discount or put it to alternative use, for example in the production of biogas. Continual improvement of processes and facilities is of central importance to Valora's production plants.

## EVALUATION AND OUTLOOK

The Food Service formats prepare comestibles onsite in response to demand. The supply can be adjusted quickly and excess is avoided. Excess supply in the retail formats mainly affects fresh products, for example baked goods and sandwiches as well as promotions.

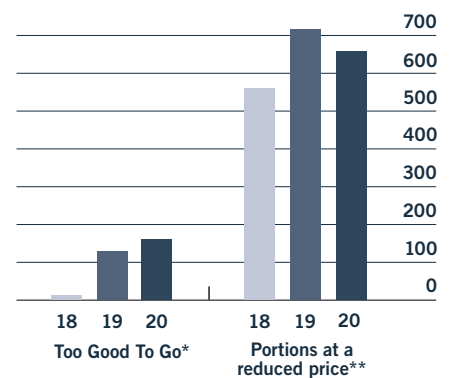
With the redundancy cockpit, Retail Switzerland launched in

2020 an important new tool for optimising the order process. Food Service expanded its cooperation with Too Good To Go: since 2019, more than 270 000 reduced-price food portions have been sold through the app.

One central challenge of avoiding food waste is that often only minimal volumes of waste occur per location, which poses a logistical challenge, for example in making donations to aid associations.

Nonetheless, Valora is specifically addressing this challenge through the preventive redundancy cockpit and the sales-promotion measures for excess supply Too Good To Go and 2nd Chance. The company wants to achieve a leading position in avoiding food waste through these measures in future.



Avoided food waste portions in thousands



\* 2019 values corrected through upgraded data collection.  
\*\* Only Retail Switzerland.

# Sustainability Report

## PLANET FOOD WASTE

SELECTED MEASURES	STATUS	PROGRESS IN 2020	PLAN FOR 2021
Optimisation of production lines – ongoing improvement management in production lines leads to reduction in rejects in pretzel production in Oranienbaum, Mainz (Germany), Emmenbrücke (Switzerland) and Cincinnati (USA).	●●●●●	Optimisation of new production lines in Oranienbaum, reduction of the average Group-wide reject rate from 5.8% to 5.4% (weight proportion across all production lines).	Continual optimisation of production lines.
Food donations – By donating food from the Ditsch production to charitable aid organisations (e.g. Die Tafeln), people in need are supported.	●●●●●	Weekly provision of food to five organisations in Mainz and Oranienbaum. Expansion to hospitals in order to express appreciation during the COVID-19 pandemic. A total of 14 000 donated portions.	Continuation of food donations within the present framework.
Redundancy cockpit – the new controlling instrument enables the clear and dynamic tracking of redundant stock in the individual sales outlets. That enables the sales and outlet managers to adopt targeted measures.	●●●○○	Cockpit programming for Retail Switzerland and introduction to pilot outlets.	Rollout in all avec and k kiosk sales outlets with an extensive food offering in Switzerland.
Too Good To Go – customers can use the Too Good To Go app; as part of the pan-European movement to reduce food waste, food bags are offered at a discount from sales outlets shortly before closing time.	●●○○○ 	Sale of over 150 000 portions in 96 Food Service Switzerland sales outlets and in about 100 BackWerk stores in Germany. Decision on further rollout postponed.	Decision regarding further rollout at Food Service Germany and rollout at Retail.
2nd Chance – baked goods are offered at a discount until midday on the second day: 2nd Chance on the 2nd day for CHF 2. Price reductions prior to closing are also standardised and displayed.	●●●○○ 	Successful pilot with 2nd Chance, rollout in all Swiss avec stores. Standardised price reduction prior to closing postponed.	Test of 2nd Chance at k kiosk. Rollout of standardised price reductions in all Swiss avec stores.

# PLANET ENERGY AND CLIMATE



SDG

Energy consumption costs money and emits greenhouse gases, which contribute to global warming. Those are two good reasons for Valora to minimise energy use in pretzel production, sales outlets and logistics and to use more renewable energy sources.

As the main consumers in its stores, Valora has identified the coolers and, depending on the location, the ovens and air conditioning systems. The use of modern devices to develop production and convert sales outlets offers further major energy savings potential. The climate impact in the supply chain can be mitigated by measures in the Products pillar.

## EVALUATION AND OUTLOOK

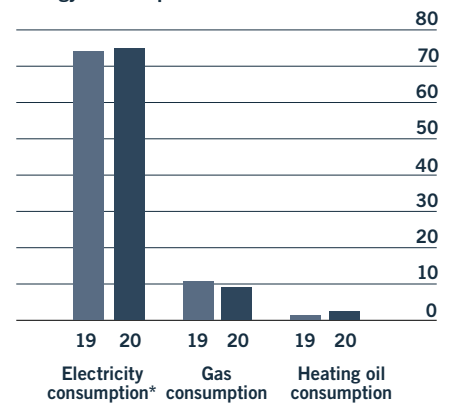
Group-wide energy consumption increased in the past year by around 0.7% to nearly 85 000 MWh. The reason for this is that data collection was expanded to additional sales outlets. The closure of locations due to the COVID-19 pandemic did not lead to any significant savings in electricity consumption since the main consumers such as coolers had to continue running.

Electricity consumption in the production facilities of Valora Group declined in 2020 – but less than the production volume. The energy intensity increased accord-

ingly: from 417 kWh to 515 kWh per tonne of produced goods. This is primarily due to the fact that the use of cooling units is hardly dependent on the production volume.

In the sales outlets, with their varying locations and facilities, energy management remains challenging. For this reason, Valora plans to use its main lever: the promotion of efficient coolers. In parallel, data collection will be expanded. This should help Valora tap into further efficiency potential and support efficient savings programmes. In addition, inspections of sales outlets with high electricity consumption in 2020 will increase the understanding of additional levers and typical energy consumers.





Energy consumption in thousand MWh



\* Electricity values include all production sites and 1 479 (2019: 1 452) of 2 680 (2 731) sales outlets. Gas and oil values cover all the production facilities and 1 022 (974) sales outlets.

# Sustainability Report

## PLANET ENERGY AND CLIMATE

SELECTED MEASURES	STATUS	PROGRESS IN 2020	PLAN FOR 2021
Energy management system – an ISO 50 001-certified energy management system is used in the largest production sites at Mainz and Oranienbaum. The system enables continual data gathering, identification and implementation of improvement measures and monitoring of success.	●●●●● 	Successful ISO 50 001 audit. Optimisation of new plants, conversion to LED lighting in two production areas. Some delays due to saving measures.	Exchange of heating system in the Mainz location, planning of further measures as part of energy management.
Modernisation of coolers – the coolers in the sales outlets are being replaced by more efficient models. Doors are also being used as an efficiency-enhancing measure for coolers with fresh and convenience products and in non self-service concepts.	●●○○○ 	Receipt of ProKilowatt subsidy for planned energy savings. Definition of systematic specifications for the use of doors for cooling devices. Some delays in replacing cooling devices as part of the SBB conversions.	Ongoing renewal with more efficient coolers and use of doors in accordance with new specifications.
Energy consumption analysis in sales outlets – main consumers and scalable energy-saving measures are identified through onsite inspections.	●●○○○	Project start with Retail Switzerland (tender complete).	Inspection of 5-10 sales outlets and implementation of the first proposed energy-saving measures.
Data collection – electricity consumption in the sales outlets is measured and read in real time to identify savings potential and initiate efficiency measures.	●●○○○ 	Collection of electricity consumption data in 1 452 of 2 680 sales outlets. Delay in installing measuring systems onsite.	Expansion of data collection in sales outlets and identification of further efficiency measures.
Renewable energies – use of renewable energies to minimise the adverse climatic impact.	●○○○○ 	Use of renewable energies in some locations. Consideration of expansion postponed.	Cost estimate and review of renewable energy use (additionality).

## PRODUCTS ECOLOGICAL AND FAIR PRODUCTS



SDG

Food production has a major social and ecological impact. That's why Valora places emphasis on its food range and how it is produced in the upstream value chain. It has the greatest influence over its own brands and products.

Valora wants to make sustainable products taste good for its customers without patronising them. For example, Valora invests a lot in an attractive vegan and vegetarian range, thus reducing its ecological footprint significantly. Valora is also looking more at sustainability aspects pertaining to its non-food products. Repeated use of the same products, for example, is becoming more widespread.

### EVALUATION AND OUTLOOK

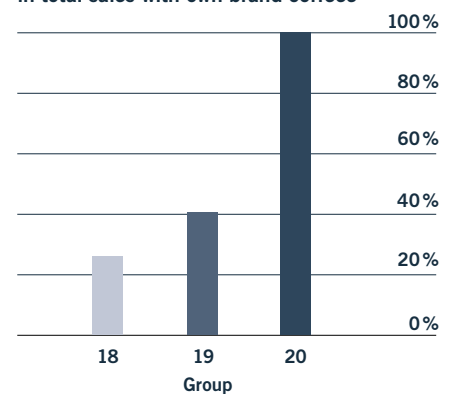
The conversion of all own brand coffees to fairtrade coffee at the start of 2020 was a major development. This led to one of the biggest-selling products being produced in line with exacting sustainability criteria, to the benefit of about 2000 coffee farmers. The food range also includes organic and other fairtrade labelled products.

Minimum production condition criteria are increasingly being applied to tenders in the non-food area. Moreover, Valora is promoting a new type of consumption through its launch of a sharing platform in

December 2020, whereby products can be rented more easily, leading to repeated use and clear ecological benefits. Besides convenience the sharing model also increases footfall at the sales outlets.

Valora has initiated an analysis based on recognised scientific methods to structure sustainable aspects more systematically in its product range. Following this analysis, new sustainability measures will be defined.


Share of fairtrade coffee cups in total sales with own brand coffeese





# Sustainability Report

## PRODUCTS ECOLOGICAL AND FAIR PRODUCTS

SELECTED MEASURES	STATUS	PROGRESS IN 2020	PLAN FOR 2021
Fairtrade coffee – the fairtrade label protects smallholder farmers from the major price fluctuations on the global market by setting a minimum price and ensuring humane working conditions.	●●●●●	Change to 100 % fairtrade coffee for all own brands, which account for nearly all coffee sales*.	Measure completed.
Free-range or barn eggs – there is a commitment to the organisation The Humane League to only offer products with eggs if they are made exclusively with free-range or barn eggs.	●●●●●	Final adjustment of the product range and ensuring compliance with procurement processes. Obligation met in full since 2020.	Measure completed.
Labels – sustainable fishing is ensured and overfishing of the seas avoided by only using fish with the MSC label.	●●●●○	Successful MSC certification of all Brezelkönig and Caffè Spettacolo sales outlets in Switzerland.	Introduction of an organic apple drink (Apfelschorle) under the ok.–brand. Potential use of other labels as part of the product range analysis.
Sharing models – fee-based product rental through a platform. The products can then be returned at another sales location. This is conducive to the reuse of the product.	●●●●○	Launch of the platform and a sustainably produced umbrella-to-rent in the Swiss retail network. Continued renting out of Chimpy power banks to charge mobile phones.	Identification and introduction of new products to loan.
Vegan and vegetarian selection – an attractive vegan and vegetarian selection helps customers to bypass animal-based products. That avoids the negative ecological impacts of animal farming and satisfies customer needs.	●●●○	Broad-based range at Caffè Spettacolo and BackWerk. Vegan unfilled pretzels from Brezelkönig and Ditsch. Inclusion of vegan meat-substitute products in the Brezelkönig range. Participation in the Veganuary campaign through the avec and Caffè Spettacolo formats.	Participation in the Veganuary campaign through the avec, Brezelkönig and Caffè Spettacolo formats. Further expansion of the vegan and vegetarian selection in retail formats.
Valora Business Partner Code of Conduct – inclusion of human rights and the importance of environmental protection criteria in contracts with key suppliers.	●●●○	Inclusion of the Business Partner Code of Conduct as a contractual component for larger new contracts and new orders.	Inclusion in current larger supply contracts in Germany.
Product range analysis – identification of the largest ecological and social impact in our supply chain. Product groups are assigned to hot-spots and further measures are created for the range (e.g. introduction of labels and minimum criteria).	●●○○○ 	Selection of an external partner and data collection.	Analysis, development of a label strategy and sustainability criteria for identified product groups.

\* Starbucks uses its own C.A.F.E. Standards for ensuring social and ecological cultivation conditions. For this reason, the Starbucks coffee shops in some retail locations do not have the fairtrade label.

# PRODUCTS HEALTHY CHOICES



SDG

Poor nutrition and obesity are among the most common avoidable causes of illness and premature death in the world. Valora wants to give its customers the chance to satisfy their hunger with healthy products, even if consumption of sweets and sugary drinks – as well as tobacco – count among the big sellers in its product range.

Valora makes its own recipes for its Food Service business and it can make products that contribute to a balanced diet. The leverage in its Retail business lies mainly with the composition of the product range. Quality management for food safety and product development are fundamental, especially for pretzel production.

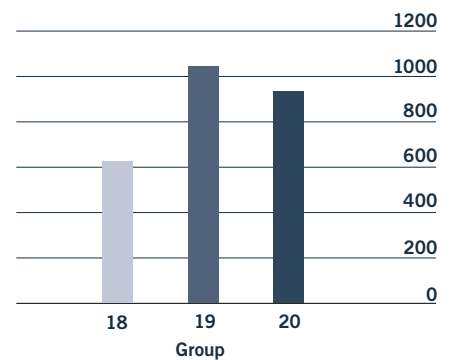
## EVALUATION AND OUTLOOK

The Food Service formats are especially active with healthy alternatives and are testing changes to their product development. The concepts are format-specific and depend on individuals for the selection. Customer acceptance of healthy alternatives to snacks and drinks is tested most in the convenience business.

In 2020, the number of sales outlets with a dedicated healthy offering decreased slightly. This was mainly due to individual store closures.

Valora wants to reinforce the Group-wide conversion to a healthier product offering over the medium term. In addition, recommendations are being developed across the formats for how to deal with additives, sugar, fat and salt.

Sales outlets with a dedicated healthy offering, e.g. “healthy snacks” or “healthy bars” section\*



\* Excl. Retail Germany, data on 1779 outlets (2018: 1822; 2019: 1823).

# Sustainability Report

**PRODUCTS**  
HEALTHY  
CHOICES

SELECTED MEASURES	STATUS	PROGRESS IN 2020	PLAN FOR 2021
Audited food safety – the two biggest production sites of Oranienbaum and Mainz are certified to IFS and BRC standards. The production site in Cincinnati (USA) is SQF certified.	●●●●●	Successful announced and unannounced audits, certificate renewals.	Additional annual audits and food security optimisation.
Adjusted offering – ongoing monitoring of the offering and customer acceptance of healthier alternatives. Moreover, closer attention is being paid to tracking portion sizes in the Food Service business.	●●●○○	Retention of a healthy snack offering in 525 retail sales outlets.	Consistent monitoring of other healthy alternatives.
Fresh selection – the freshness factor keeps growing in the new format concepts and will be further developed as part of the revision of the offer.	●●○○○	Addition of a fresh juice bar in the new BackWerk sites. Integration of fresh recipes from new BackWerk locations in current sales outlets.	Expansion of the fresh range with salads and sandwiches, fresh concept for fruit and vegetables in avec sales outlets.

## PRODUCTS PACKAGING



SDG

Packaging is a blessing and a curse. It protects products and helps to reduce food waste. At the same time, it is only used fleetingly before being thrown away. Disposal is usually laborious and can be harmful to the environment. Then there are the resources used to produce the packaging.

“Avoid, reduce, reuse” therefore sums up Valora’s approach to sustainability. It applies in all instances where packaging is used – in production, logistics, retail and consumption. Valora wants to use lighter packaging made from sustainable materials with a high recycling component. Moreover, the use of reusable receptacles such as thermos flasks will reduce the dependency on to-go packaging, for example plastic bags or disposable coffee cups.

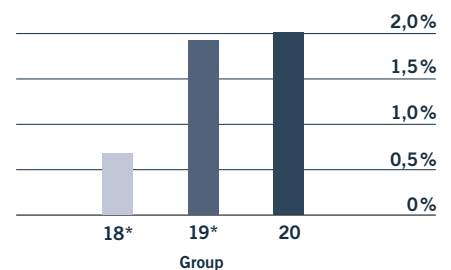
### EVALUATION AND OUTLOOK

Valora has initiated some important measures by charging a fee for plastic bags and promoting reusable cups. However, take-up of reusable cups remains low – the disposable solution is too convenient: after a broad-based introduction of discounts led to an increase in the use of reusable cups in 2019, the relative share increased very little during the past year. There are plans for a system to return reusable cups, however it

is not due for implementation soon. Reason: the partner in Switzerland stopped the pilot last year. Nevertheless, take-up of reusable cups is set to increase in 2021 through more discounts, a larger selection and awareness campaigns.

Packaging savings are being planned for the ok.– own brand. In this way alone, over ten tonnes of plastic will be saved in 2021 through weight optimisation of the mineral water bottles. The remaining plastic of the bottles is generated from recycled material. To promote packaging savings across the own brands, in-depth discussions with suppliers continue to be required.




Share of reusable cups used for all warm drinks to go



\* Values corrected through upgraded data collection.

# Sustainability Report

## PRODUCTS PACKAGING

SELECTED MEASURES	STATUS	PROGRESS IN 2020	PLAN FOR 2021
Plastic bags – fee levied for plastic bags distributed in the sales outlets. In addition, plastic bags are being switched to recycled materials and customers are encouraged to keep using the same bags.	●●●●○ 	The fee is charged across the Group. Start of tender for bags from recycled materials.	Switch to bags made from recycled materials.
Promotion of reusable cups – an incentive in the form of a discount or free upgrade for customers to take reusable cups. Reusable coffee cups are also available for sale in the sales outlets.	●●●●○	Introduction and/or retention of discounts or upgrades for the use of reusable cups at Retail Switzerland and the entire Food Service division. Introduction of a particularly inexpensive reusable cup at BackWerk.	Expansion of the sale of reusable cups. Tracking of further measures to promote reusable cup use.
Coffee condiments – switch to ecologically optimised disposable cups, drink stirrers, tableware, disposable cutlery in the sales outlets.	●●○○○ 	Use of single wall disposable cups* made from PEFC-certified materials, conversion to wooden drink stirrers.	Conversion of disposable cutlery from plastic to wood, no more free distribution of disposable cutlery.
Water dispenser – development of a water dispenser to supply customisable refreshing drinks in reusable bottles.	●●○○○	Test of the second prototype in an avec store. Unsatisfactory customer acceptance.	Search for a new external partner and improve attractiveness, decision on further test.
rPET bottles – recycled PET (rPET) is used for the production of own brand bottles.	●●○○○	Preparation for conversion.	Conversion to 100% rPET for ok.- mineral water and 35% rPET for ok.- ice tea. In addition, reduction of plastic use by ten tons.
Campaign on Earth Overshoot Day – the day when a country has consumed a year's worth of resources measured by nature's regeneration capacity. That day is usually in May. A major campaign is planned on the Earth Overshoot Day with partners in Germany and Switzerland.	●○○○○ 	Partner search complete, discontinuation of campaign during COVID-19 lockdown.	Execution in Switzerland and Germany depending on the COVID-19 pandemic.

\* With the exception of ServiceStore DB, as Valora cannot make its own selections there.

# Sustainability Report

## ENABLERS

### CULTURAL CHANGE

The goal is clear: Valora wants to embed sustainability in the company's DNA. That is not yet the case everywhere, which is why information and promotion events are required at around 2 700 Valora locations. The strategic direction of sustainability efforts is determined by the Governance Board Sustainability, consisting of members of the Board of Directors, Group Executive Management and management. Steering Committees are responsible for the operational implementation of the strategy in the individual business units and ensure that sustainability measures receive continuous attention.

Some Valora employees were involved in the Valora sustainability strategy in 2019. A group of sustainability champions emerged who assume a multiplier and expert role within the company. The social Valora Connect intranet facilitates communication with the sustainability champions and will be used in future for broader communication on sustainability. In 2021, there will also be an internal campaign via different communication channels to raise awareness of the sustainability strategy.

Sustainability topics have been part of onboarding new employees since 2020. Sustainability will now also be integrated gradually in the recruitment process.

### INNOVATION

It takes creativity, courage and persistence to bring sustainable products to market which go beyond incremental improvements. Valora regularly develops and tests sustainable innovation in close cooperation with suppliers and other business partners. In addition, Valora is cooperating with universities, students and environmental organisations to generate product ideas. In 2020, Valora teamed up with partner companies to organise a cheese snack hackathon centred on healthy nutrition, ecological raw materials and packaging.

The innovation process at Valora is long-term in nature and does not conclude with market entry. New products initially undergo a test phase and are then analysed systematically and consistently adjusted to match customers' needs. A water dispenser was tested in 2020, for example. Customers can fill reusable cups with customisable drinks using the dispenser. Demand in the pilot phase was insufficient, so the partners are now taking steps to improve the product market fit. However, some innovation projects require patience: sometimes customers move slowly when changing their daily routine – in this case they have to make space in their bags for reusable cups.

Valora implemented a particularly sustainable innovation at the end of 2020 when it launched the umbrella-to-rent. Customers can hire the environmentally friendly

umbrella and return it at another store. Valora wants to use the sharing platform developed for the umbrellas for other products in future.

### STAKEHOLDER ENGAGEMENT

Stakeholder engagement will be repeated and remain stable in future within the framework of the materiality analysis (see pages 50–52). The sustainability report will be optimised annually with extra key figures and made available to the various stakeholder groups. There were talks on ESG topics with analysts in 2020 where progress and plans were discussed for the future. There will also be direct conversations with stakeholders and sustainability topics will be addressed in customer and employee surveys. Valora also plans to systematically generate and evaluate subject-specific customer inquiries. Further engagement formats are under review.

## KEY FIGURES TABLE

### EMPLOYEES

	Group				Food Service				Retail				Corporate				
	2020		2019		2020		2019		2020		2019		2020		2019		
	Abs.	%	Abs.	%	Abs.	%	Abs.	%	Abs.	%	Abs.	%	Abs.	%	Abs.	%	
<b>Employees*</b>																	
<b>Headcount</b>	4641	100	4955	100	1383	30	1425	29	3025	65	3340	67	233	5	190	4	
Full-time equivalents (FTE)	3578	100	3906	100	1177	33	1244	32	2185	61	2486	64	216	6	176	5	

### Employees by age\*

	Abs.	%	Abs.	%	Abs.	%	Abs.	%	Abs.	%	Abs.	%	Abs.	%	Abs.	%
<b>Total</b>	4641	100	4955	100	1383	100	1425	100	3025	100	3340	100	233	100	190	100
Of 30 or younger	1159	25	1278	26	366	26	411	29	747	25	846	25	46	20	21	11
Between 31 and 40	1041	22	1146	23	364	26	396	28	606	20	697	21	71	30	53	28
Between 41 and 50	932	20	998	20	301	22	298	21	583	19	649	19	48	21	51	27
Over 51	1509	33	1533	31	352	25	320	22	1089	36	1148	34	68	29	65	34

### Employees by gender and level of employment\*

	Abs.	%	Abs.	%	Abs.	%	Abs.	%	Abs.	%	Abs.	%	Abs.	%	Abs.	%
<b>Total</b>	4641	100	4955	100	1383	100	1425	100	3025	100	3340	100	233	100	190	100
0 – 49% employment	690	15	874	18	123	9	130	9	557	18	742	22	10	4	2	1
50 – 79% employment	1305	28	1312	26	201	15	150	11	1086	36	1143	34	18	8	19	10
Between 80 – 99% employment	747	16	691	14	364	26	279	20	366	12	399	12	17	7	13	7
100% employment	1899	41	2078	42	695	50	866	61	1016	34	1056	32	188	81	156	82
<b>Women</b>	3123	100	3365	100	719	100	788	100	2323	100	2515	100	81	100	62	100
0 – 49% employment	557	18	731	22	87	12	99	13	464	20	630	25	6	7	2	3
50 – 79% employment	1038	33	1042	31	112	16	110	14	911	39	918	37	15	19	14	23
Between 80 – 99% employment	497	16	479	14	186	26	158	20	302	13	317	13	9	11	4	6
100% employment	1031	33	1113	33	334	46	421	53	646	28	650	26	51	63	42	68
<b>Men</b>	1518	100	1590	100	664	100	637	100	702	100	825	100	152	100	128	100
0 – 49% employment	133	9	143	9	36	5	31	5	93	13	112	14	4	3	0	0
50 – 79% employment	267	18	270	17	89	13	40	6	175	25	225	27	3	2	5	4
Between 80 – 99% employment	250	16	212	13	178	27	121	19	64	9	82	10	8	5	9	7
100% employment	868	57	965	61	361	54	445	70	370	53	406	49	137	90	114	89

\* A reorganisation carried out in 2020 resulted in minor shifts in personnel from Corporate to Retail and Food Service. These changes have not yet been taken into account in the staff figures, ensuring comparability with the previous year.

## FAIR WORKING CONDITIONS AND TALENTS & CAREERS

	Group				Food Service				Retail				Corporate			
	2020		2019		2020		2019		2020		2019		2020		2019	
	Abs.	%	Abs.	%	Abs.	%	Abs.	%	Abs.	%	Abs.	%	Abs.	%	Abs.	%
<b>Employee turnover*</b>																
<b>Employee total</b>	4641	100	4955	100	1383	100	1425	100	3025	100	3837	100	233	100	190	4
Departures following termination by employees, net turnover rate	768	17	1200	24	215	16	283	20	524	17	957	25	29	12	19	10

\* A reorganization carried out in 2020 resulted in minor shifts in personnel from Corporate to Retail and Food Service. These changes have not yet been taken into account in the staff figures, ensuring comparability with the previous year.

### Occupational accidents

<b>Total</b>	122	-	170	-	59	-	55	-	63	-	115	-	0	-	0	-
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### Results of the employee survey (0 –100)

	Group		Benchmark**
	2018	2016/17*	2018
Commitment	78	79	84
Satisfaction	66	68	74
Attractive employer	65	66	72
Employee development	59	59	67

up to 50: little to no agreement  
56–85: medium agreement  
from 86: full agreement

\* Limited scope for comparison as more employees were asked in 2018.

\*\* Sector-specific Swiss Employer Award 2018 for retail business.



## FOOD WASTE

	Group					
	2020		2019		2018	
	Abs.	%	Abs.	%	Abs.	%
<b>Avoided food waste</b>						
<b>Total portions</b>	<b>818 626</b>	<b>100</b>	<b>825 579</b>	<b>100</b>	<b>554 227</b>	<b>100</b>
Sale through Too Good To Go*	152 844	19	118 967	14	200	0.04
Portions at a reduced price**	665 783	81	706 612	86	554 027	99.96

\*2019 values corrected through upgraded data collection.

\*\*Only Retail Switzerland.

	Food Service production*		
	2020	2019	2018
	%	%	%
<b>Wastage rate</b>			
Waste as a proportion of produced goods (by weight)	5.4	5.8	7.0

\*Production covers the Emmenbrücke, Oranienbaum, Mainz and Cincinnati facilities.

## ENERGY

	Group			
	2020		2019	
	in MWh	%	in MWh	%
<b>Energy consumption*</b>				
<b>Total energy consumption</b>	<b>84 931</b>	<b>100</b>	<b>84 312</b>	<b>100</b>
Electricity consumption*	75 143	89	74 040	88
Gas consumption	9 593	11	10 168	12
Heating oil consumption	195	0.2	104	0.1

\*Electricity values include all production sites and 1 479 (2019: 1 452) of 2 680 (2 731) sales outlets.

Gas and oil values cover all the production facilities and 1 022 (974) sales outlets.

	Food Service production*		
	2020	2019	2018
	in MWh	in MWh	in MWh
<b>Energy intensity</b>			
Energy per tonne of produce in MWh	0.515	0.417	0.422

\*Production covers the Emmenbrücke, Oranienbaum, Mainz and Cincinnati facilities.

## ECOLOGICAL & FAIR PRODUCTS

	Group					
	2020		2019		2018	
	Abs.	%	Abs.	%	Abs.	%
<b>Fairtrade coffee</b>						
Share of fairtrade coffees among own brand sales	100		40		26	

## HEALTHY CHOICES

	Group					
	2020		2019		2018	
	Abs.	%	Abs.	%	Abs.	%
<b>Sale of healthy products*</b>						
<b>All covered sales outlets</b>	1 695	100	1 823	100	1 822	100
Sales outlets with a dedicated healthy offering, e.g. "healthy snacks" or "healthy bars" section	966	57	1 026	56	609	33

\*Excluding Retail Germany.

## PACKAGING

	Group					
	2020		2019		2018	
	Abs.	%	Abs.	%	Abs.	%
<b>Use of reusable cups*</b>						
Share of reusable cups used for all warm drinks to go	2.0		1.9		0.5	

Previous year's values corrected through upgraded data collection.

\*This key figure covers about 90% of group-wide coffee sales.

## ABOUT THIS REPORT

This report reflects the style of the GRI reporting standards. It covers the activities of the Valora Group with a focus on the largest business areas in Germany and Switzerland. All staff figures apply to the entire Group.

If you have any questions on sustainability at Valora or this report, please contact Yannic Steffan, Sustainability Manager, at:

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