

SUSTAINABILITY

AT **SPAR** 



SPAR HOLDING AG
Sustainability Report 2022

Table of Content

- Foreword of the Board of Directors 4

- 1. THE SPAR HOLDING AG 6
 - 1.1. Organisational profile and companies included in this report..... 7
 - 1.2. Developments in the 2022 business year 8
 - 1.2.1. Food retailing..... 8
 - 1.2.2. Sports retailing 9
 - 1.2.3. Real estate and shopping centres..... 9
 - 1.3. Corporate Management 10
 - 1.3.1. Sustainability management..... 11
 - 1.3.2. Remuneration policy 12
 - 1.4. Strategy, policies and practices 13
 - 1.4.1. Principles and courses of action 13
 - 1.4.2. Procedure for addressing negative impacts and reporting concerns 13
 - 1.4.3. Stakeholder engagement..... 14
 - 1.4.4. ESG Opportunity and Risk Assessment 16
 - 1.4.5. Material topics 16
 - 1.4.6. Overview of SPAR targets 19

- 2. ECONOMY 22
 - 2.1. Economic development and market position 23
 - 2.2. Business ethics and proper business conduct..... 24

- 3. ASSORTMENT 26
 - 3.1. Regional purchasing and security of supply 27
 - 3.1.1. Regional food 28
 - 3.1.2. Promoting innovation and entrepreneurship..... 30
 - 3.1.3. Secure supply of food..... 32
 - 3.2. SPAR products for conscious nutrition..... 33
 - 3.2.1. Less salt and sugar in SPAR brands 34
 - 3.2.2. Food from controlled organic production 34
 - 3.2.3. Vegetarian and vegan diet 35
 - 3.3. Circular economy..... 36
 - 3.3.1. Packaging reduction 36
 - 3.3.2. Handling food 40
 - 3.4. Impact of products on the environment and people along the supply chain 43
 - 3.4.1. Production standards in the supply chain..... 44
 - 3.4.2. Supply chain standards in sports retail..... 45
 - 3.4.3. Supply chains in the construction of shopping centres 47
 - 3.5. Biodiversity: Saving diversity together with SPAR..... 48
 - 3.5.1. Promotion of the bee population 49

3.5.2.	Preserving old varieties.....	50
3.5.3.	Palm oil renunciation for SPAR brands	50
3.5.4.	Austria's most responsible fishmonger	50
3.5.5.	Commitment to transparency in new breeding techniques	51
3.5.6.	Regional soy	51
3.5.7.	Animal welfare	52
3.5.8.	Ban on glyphosate	54
3.6.	Quality standards for products	55
3.6.1.	Established quality management for SPAR brands.....	56
4.	EMPLOYEES	57
4.1.	Employment in the SPAR Group	58
4.1.1.	Diversity among employees	61
4.1.2.	Additional benefits for employees	62
4.1.3.	Employee survey.....	64
4.2.	Qualification of the employees	65
4.3.	Employee health	68
5.	ENVIRONMENT	72
5.1.	Specifications for the construction of SPAR buildings	73
5.2.	Energy consumption and climate protection.....	74
5.2.1.	Energy efficiency.....	76
5.2.2.	Renewable energy.....	79
5.2.3.	Reduction of CO ₂ emissions.....	80
5.2.4.	Customer mobility	83
5.3.	Contributions to the circular economy.....	84
5.3.1.	Reusable systems and recyclable material cycles	87
5.3.2.	Recyclables collection at SPAR	87
6.	SOCIETY	90
6.1.	Food distribution to charitable organisations	91
6.2.	Customer information for sustainable living	92
6.3.	Cooperation with social organisations and support for sport, art and culture	93
7.	APPENDIX	94
7.1.	GRI Content Index	94
7.2.	Relevant SDGs and the contribution of SPAR HOLDING AG	99
	IMPRINT.....	103



Foreword of the Board of Directors

In 2022, SPAR HOLDING AG has once again come one step closer to achieving its corporate vision of being the best Central European retail group. In difficult economic and political times, SPAR has focused on and continued to drive forward its core food retail business. Through expansion under its own steam in the regions already served and the first expansion into Lombardy, SPAR is now active in its core business in an area where 40 million people live. SPAR places great emphasis on quality expansion in terms of sustainable infrastructures and a product range designed according to sustainability criteria.

The basis for this success over many decades are the fundamental values of the SPAR Group - modern, people-friendly, uncomplicated - which determine our daily actions. These values are long-term and give employees security and orientation even in turbulent times. Similarly valid for the long term is the SPAR Declaration of Trust from 1971, in which SPAR and all SPAR shopkeepers committed themselves to targets in the areas of credible customer information, clean product declaration, healthy nutrition, environmental protection and household advice. So even 50 years ago we were focusing on measures that are now subsumed under the term sustainability. Low emissions, low waste and a balanced diet are still core themes of SPAR's sustainability strategy today in order to ensure the sustainable development of the SPAR Group and society. SPAR has therefore remained true to this commitment ever since and has transferred this idea to new business areas and countries, which today form the SPAR Austria Group. As a family business that is also predominantly owner-managed, SPAR aligns this sustainability strategy with generations, as does the overall corporate strategy. In today's terminology, this includes both the design of the product range according to current environmental, animal and human rights aspects, the mitigation of climate change and the promotion of the circular economy.

GRI 2-22

The year 2022 was both challenging and conducive to achieving the long-term objectives of sustainable product range design and climate impact reduction. On the one hand, the Ukraine war has affected supply chains and raw material prices for food production and led to a significant increase in food prices compared to the previous year. Consumers are therefore paying more attention to low-cost purchases and are turning to products that consider fewer aspects of sustainability. By offering attractive prices for organic or animal welfare products, for example, SPAR tries to maintain the shares of these more sustainable assortment groups, but also has to cater to lower-income groups that currently cannot or do not want to afford the additional expenditure. On the other hand, rising energy costs due to the war have led to increased efficiency measures. Every employee was called upon to identify additional ways to save energy, and the profitability of more energy-efficient appliances or photovoltaic systems is also much faster when energy prices are high. The circumstances that particularly impacted SPAR's core business in 2022 thus contribute to a faster

achievement of the in 2022 newly adopted SPAR energy and climate targets, but at the same time make it more difficult to achieve the targets, for example concerning the expansion of the organic product range. Both issues will continue to affect SPAR in the coming years, even if there are signs of a reduction in prices in the energy market, these will not return to the low levels seen before 2020 with the necessary conversion of the energy industry to renewable sources.

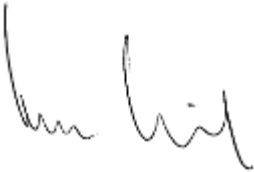
The staff situation in the retail sector was and is also challenging. While food trade employees were celebrated as everyday heroes during the COVID-19 pandemic and valued secure jobs, we saw increased staff turnover rates last year. Even with significantly increased wages in all countries, fringe benefits and training and development, employees are changing sectors, as evidenced by exit interviews. Due to low birth rates and a noticeably poorer school education of young people during home schooling phases, the personnel gap is worsening and will be a challenge for the personnel-intensive retail sector in the coming years.

In 2022 SPAR has also intensively engaged with different European Union strategies and the implications for the SPAR strategy. With our existing, so far voluntary SPAR sustainable development strategies such as climate protection targets and measures, contributions to the circular economy, respect for human rights or reporting of non-financial performance indicators, SPAR already fulfils the future legal obligations in numerous EU frameworks or has to make only minor adjustments. We welcome the fact that a legal basis is now being created at the European level and thus in all states in which SPAR HOLDING AG operates, which SPAR has already voluntarily fulfilled in the medium and long-term strategy. This will create a level playing field for all market participants in economically challenging times.

Last year SPAR consolidated its position as Central European retailer. Through tough negotiations with international suppliers in the interest of customers and investment in margins, we were able to offer customers an attractive range of products and inspire them, even with increased costs. Sustainability efforts were expanded in all countries, and with the new energy and climate targets, committed projects were adopted in another area. This common basis for the sustainability strategy will continue to be the focus of increased attention in the departments and in reporting in the coming years. Sustainable development is only possible with the commitment and support of the entire workforce. Our sincere thanks go to the more than 76,000 employees of SPAR HOLDING AG as well as the hundreds of merchants and their employees - each and every one of you is important for the success of the whole!



Friedrich Poppmeier
Chairman of the Board



Hans K. Reisch
Deputy Chairman of the Board



Paul Klotz
Member of the Board



Marcus Wild
Member of the Board



Markus Kaser
Member of the Board

SPAR HOLD ING AG



Since the merger of independent retailers and wholesalers to form SPAR Austria in 1954 and the founding of SPAR Österreichische Warenhandels-AG in 1970, the company has grown into a Central European trading group. Starting in Austria, SPAR has expanded into the surrounding countries and today operates around 2,000 group-owned stores in eight countries under the umbrella of SPAR HOLDING AG. In addition, SPAR supplies numerous independent SPAR retailers. The headquarters of SPAR HOLDING AG are located in Salzburg. In addition to the core business of food retailing, the SPAR Group includes the sports and fashion retailer Hervis, SES Spar European Shopping Centers and supporting production and service companies.

The business activities of SPAR HOLDING AG can be divided into the three pillars of food retailing, sports retailing and the construction, operation and management of shopping centres.

GRI 2-6

The largest share of sales is generated by the food retail business in Austria, Northern Italy, Hungary, Slovenia and Croatia, where SPAR has established itself as one of the leading suppliers of all everyday products. SPAR sells directly to consumers through its own shops as well as to independent SPAR retailers through SPAR Wholesale. In addition to food of primarily regional origin, this range also includes household appliances, toys, office supplies, textiles and seasonal items in larger stores. SPAR designs supply chains as regionally as possible and has for decades relied on regional suppliers in addition to the assortment of brand manufacturers, some of which can only supply individual stores due to their size (see chapter 3.1). The SPAR brands are an integral part of the SPAR assortment in all countries, offering customers from all population groups a wide range of products from entry-level to premium products. In Austria, SPAR already generates more than 40 per cent of its turnover with SPAR brands; in the other countries, SPAR branded products are also developed in-house and are becoming increasingly important in terms of turnover. In total, SPAR supermarkets offer between 10,000 and 50,000 different items.

In the sports retail sector, SPAR HOLDING is represented by its subsidiary Hervis in Austria, Hungary, Slovenia, Croatia, the Czech Republic (until 2022), Romania and Germany. Hervis' product range focuses on skiing, outdoor, biking and running. Hervis sources products from all relevant sporting goods and textile manufacturers and relies on Hervis exclusive brands. A large part of the assortment is produced in Asia, but Hervis works intensively to find European producers for Hervis exclusive brands (see chapter 3.4.2).

The subsidiary SES Spar European Shopping Centers manages 30 shopping destinations, such as shopping centres, retail parks and a shopping street in Austria, Slovenia, Italy, Hungary, Croatia and the Czech Republic. Eleven of these centres are wholly or predominantly owned by SES and are therefore presented in this report. SES builds shopping destinations primarily with local trades, manages them in terms of an optimal shopping partner mix and district centre, and operates the centres from security services to facility management. The customers of SES are therefore the shopping partners who lease space from SES and offer retail and service businesses on this space.

In addition to its operating business, SPAR has shareholdings in various service companies such as SPAR-Finanz Bank AG, Metro Cash & Carry Österreich GmbH, dm-drogerie markt GmbH and various shopping centres, which are not included in the financial reporting and therefore not in this Sustainability Report.

1.1. Organisational profile and companies included in this report

SPAR HOLDING AG, with its registered office in Salzburg (Austria), is a public limited company privately owned by the founding families and their descendants. SPAR HOLDING AG is not listed on the stock exchange and is not active on the financial market. Thus, the company is currently not subject to the reporting obligation of non-financial performance indicators according to NaDiVeG, but reports voluntarily according to these criteria. SPAR HOLDING AG and its subsidiaries operate in Austria, Switzerland, Italy, the Czech Republic, Slovenia, Croatia, Hungary, Romania and Bavaria. The two divisions of the SPAR HOLDING AG Group are food trading (wholesale and retail trade with food NACE 47.11) with the companies SPAR Österreichische Warenhandels AG, INTERSPAR GmbH and Maximarkt GmbH in Austria, SPAR Hrvatska d.o.o. in Croatia, SPAR Magyarország Kereskedelmi Kft. in Hungary, SPAR Slovenija d.o.o. in Slovenia and ASPIAG Service S.r.l. in Italy. Some of these companies include various service subsidiaries, such as IT companies or purchasing cooperatives. SPAR HOLDING AG operates the fashion and sports retail trade (retail trade with clothing NACE 47.71) under the subsidiary Hervis with its units HERVIS Sport- und Modegesellschaft m.b.H. (Austria), HERVIS Sport a moda s.r.o. (Czech Republic), HERVIS Sport és Divatkereskedelmi Kft. (Hungary), HERVIS sport i moda d.o.o. (Croatia), HERVIS Sport in moda d.o.o. (Slovenia), HERVIS Sports and Fashion s.r.l. (Romania) and HERVIS Sports Handelsgesellschaft mbH (Germany). The construction, management and operation of real estate, in particular shopping destinations (NACE 68.20 & 68.32), is carried out within the group by the subsidiary SES Spar European Shopping Centers GmbH (Austria) with subsidiaries in six countries. SPAR HOLDING AG is registered in the commercial register of the commercial court of Salzburg, Austria, under number 256183s.

GRI 2- 1
GRI 2-2

This report does not include independent SPAR retailers and shopping centres, which are accounted for using the equity method and are therefore not included in the consolidated balance sheet. The companies included in this Sustainability Report are identical to those in the Group Management Report according to IFRS.

The sustainable activities of all fully consolidated companies under the umbrella of SPAR HOLDING AG are summarised in this group sustainability report for the calendar year 2022. This report updates the last sustainability report published in June 2022 and is published annually.

GRI 2-3

In 2022, the energy and climate targets for SPAR Holding AG were revised. The assessment method was adapted with regard to the energy targets: Instead of m² sales area, the turnover of the respective company unit was used as a reference value. This reflects the increase in sales area production and a uniform reference value is applied. This also corresponds to the future European Sustainability Reporting Standards (ESRS) with regard to the disclosure of energy intensity. Absolute emission targets for Scope 1 and 2 have been added. In this report, rounding differences may lead to minimal deviations in the total figures.

GRI 2-4

This report was prepared in accordance with the GRI Standards (2021). For the collection of the contents and data, the reporting team was in exchange with all organisational units as well as the managers of the material areas. The Management Board of SPAR HOLDING AG - Chairman of the Management Board and/or his deputy - are involved in the audit in the form of management feedback by the external auditor. In addition to the main country of Austria, a focal audit takes place in a different country each year. For this country, the scope of the audit is significantly expanded and the top management of the respective country is included in the audit. For the 2022 reporting year, the audit focused on the SPAR food trade in Hungary in addition to Austria.

GRI 2-5

The German version of this report has been subjected to an independent external audit by Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H.. The external audit statement is attached to the German version of the report.

1.2. Developments in the 2022 business year

In 2022, the effects of the COVID-19 pandemic were still felt, albeit on a declining scale. The year was strongly marked by various crises: The Russian attack on Ukraine, which triggered energy shortages and price increases in energy and commodities. High inflation (which peaked in October) and price increases significantly affected the market volume in food retailing. The energy cost increases, which had a significant impact in the second half of the year, weighed heavily on trade and industry.

GRI 2-7

Overall, SPAR HOLDING AG was able to increase consolidated group net sales by +5.7% to EUR 13.46 billion in the 2022 financial year with around 2,000 of its own stores and centres. More than 76,000 people worked for SPAR HOLDING AG as of 31 December 2022, taking care of customers' needs in eight countries.

1.2.1. Food retailing

SPAR is aware of the task of maintaining affordable sales prices for consumers and viable purchase prices for suppliers and therefore waived part of its trading margin in the financial year and at the same time entered into further negotiations with suppliers. In spite of the challenging market situation, the company was again able to maintain its market leadership in Austria with a market share of 36.3% (NielsenIQ, Sales Barometer, January 2023). In Italy, SPAR is also the market leader in the Trentino-Alto Adige, Veneto and Friuli-Venezia Giulia regions and expanded from this strong position into the Lombardy region in 2022. In north-eastern Italy (including Lombardy and Emilia-Romagna), SPAR is number three. In Hungary and Slovenia, SPAR is the strong number two food retailer and in Croatia SPAR is among the top three in the market.

Consolidated net sales in food retailing amounted to € 12.93 billion in the financial year (2021: € 12.23 billion), showing an overall growth of 5.8 % (with exchange rate changes; 7.1 % adjusted for exchange rate effects) compared to the previous year. The food trade in Austria recorded a plus of 5.0% with a turnover of € 7.31 billion (2021: € 6.96 billion). The national organisations in Italy, Hungary, Slovenia and Croatia achieved a total net turnover of € 5.62 billion (2021: € 5.26 billion) in food retailing. This represented strong sales growth of 6.8 % (with exchange rate changes; 10.0 % adjusted for exchange rate effects), which was mainly due to the strong own expansion, the expansion of sales areas and the modernisation of locations. Price increases for food also led to an increase in sales. Sales in Croatia

increased the most in percentage terms with a plus of 15.1 % (with exchange rate changes; 15.2 % adjusted for exchange rate effects) compared to the previous year, followed by Slovenia with a sales increase of 10.8 %. The foreign exchange rate continues to have the strongest impact on the figures in Hungary. Adjusted for exchange rate effects, Hungary showed an increase in turnover of 15.6 %; due to the devaluation of the Hungarian forint in 2022, only a 5.9 % increase in turnover was recorded in the Group currency, the Euro.

SPAR has relied on innovative brands for many years - from S-BUDGET to SPAR Vital and SPAR Natur*pur to SPAR PREMIUM. The further development of SPAR branded products was advanced in 2022. More than 7,000 SPAR branded products can be found on the shelves in Austria, the most successful of which can also be found in neighbouring countries. In addition, own brand items are being developed with regional producers in Italy, Slovenia, Hungary and Croatia. The share of SPAR's own brands in total sales increased again in 2022. This is due to innovation and consumer confidence in SPAR brands as well as lower prices compared to branded products. The general inflation in food prices has led many consumers to increasingly turn to the cheaper private labels. This is also reflected in the sales growth of the entry-level price brand S-BUDGET, which has gained significantly in sales compared to the previous year. In addition to S-BUDGET, the top 3 SPAR brands also include SPAR Quality Brand and the organic brand SPAR Natur*pur. The latter performed well in 2022, gaining single-digit sales and currently offers over 1,200 guaranteed organic food products. The vegetarian and vegan range has been greatly expanded - with around 3,900 products, SPAR has the largest vegetarian and vegan range in Austria. Austria's first vegetarian own brand - SPAR Veggie - celebrated its 10th anniversary in 2022 with the new testimonial Elli Goulding. The end of the year saw the start of production of meat substitutes at the TANN meat plants in St. Pölten. The SPAR Vital product line was expanded to include nutritional supplements under the sub-brand SPAR Vital pure.

In addition, the logistics structure is constantly being optimised and further expanded. In Vorchdorf in Upper Austria, the new SPAR central warehouse Frische for refrigerated products with the hub for fruit and vegetables was realised. In addition, the rented storage space in the warehouse in Loosdorf (Lower Austria), which was put into operation last year as a weinwelt warehouse, was doubled to 8,000 m². It now combines the storage areas of the two online shops for household & leisure (www.interspar.at/shop/haushalt) and weinwelt (www.interspar.at/shop/weinwelt) and at the same time further expands them. In May, the two-year conversion phase of the logistics centre in Graz-Puntigam (Styria) began. The fourth construction phase was completed for the expansion of the central warehouse in Wels. In addition, the new logistics centre for the Croatian market is being built in Donja Zdenčina. More than € 100 million will be invested in this new central warehouse.

1.2.2. Sports retailing

In the first few weeks of the year, the sports retail sector was still confronted with severe traffic restrictions caused by COVID-19. In addition, the wave of price increases due to high inflation had an impact on the purchasing power of customers, which was also felt in the sports retail sector. In addition, Hervis withdrew from the Czech market in 2022. Despite this turbulent year, the now 233 Hervis sports stores were able to achieve net sales of € 454.29 million (2021: € 443.07 million) and thus an increase in sales of 2.5 % (with exchange rate changes; 3.4 % adjusted for exchange rate effects). The focus of the past year was once again on the conversion of existing Hervis shops to the new shop design concept.

1.2.3. Real estate and shopping centres

The business unit "Real Estate/Shopping Centres" was able to recover from the crisis years 2020 and 2021 in the past financial year and recorded a total net turnover of € 121.46 million (2021: € 107.05 million), which represents an increase of 13.5 % over the previous year. Excluding sales from intra-group food and sports retailers, the business unit recorded a strong increase in sales of 14.8 %. The consolidated net sales amounted to € 76.66 million (2021: € 66.75 million). This pleasing development once again shows that the SES locations are attractive shopping destinations for customers due to their prime locations and the selected shop mix, and that they are consequently also sought-after shop locations for shopping partners. In the past business year, the shop offensive was successfully continued with many new openings.

1.3. Corporate management

SPAR HOLDING is privately owned by the three large founding families Drexel, Poppmeier and Reisch as well as 12 minority shareholders. Members of these families continue to hold key management positions in the company. Representatives of the owning families form the general assembly of HOLDAG Beteiligungsgesellschaft, the parent company of SPAR HOLDING AG. The "highest governance body" according to the GRI definition is divided into the two bodies of the Supervisory Board and the Management Board of SPAR HOLDING AG. The members of these bodies are selected on the basis of their many years of experience within the companies of SPAR HOLDING AG or competences relevant to the Supervisory Board. The interests of the shareholders are safeguarded by the family representatives, the interests of the employees as one of the most important stakeholder groups are safeguarded by the legally defined representatives (works councils).

GRI 2-9

The Supervisory Board of SPAR HOLDING AG, which is elected by the General Meeting, has been composed as follows since the beginning of 2021 (and is appointed for an indefinite period): Gerhard Drexel is Chairman of the Supervisory Board, his deputies are Peter Poppmeier (1st deputy, member of the Supervisory Board since 2014) and Bernd H.J. Bothe (2nd Deputy, on the Supervisory Board since 2011). Other members are Rudolf Staudinger, Regina Prehofer and Georg Zehetmayer, as well as the works council representatives Sabine Eiblmaier, Franz Hechl, Egon Karabacek and Bettina Münzer. The ownership structure and the strong influence of the owners on the highest control bodies, the Supervisory Board and the Management Board, rule out conflicts of interest.

GRI 2-10
GRI 2-11

GRI 2-15

The Supervisory Board appoints the operational and executive Management Board of SPAR HOLDING AG without a time limit. Since 1 January 2021, the Management Board has been composed as follows and has the following responsibilities:

- Friedrich Poppmeier (Member of the Management Board since 1999, member of the founding families of SPAR): Chairman of the Board; PR and Communication, Sustainability, Strategy, Retail Sales, Expansion, Logistics, Branch Offices, REGIO Coffee Roasting and Tea Packaging¹
- Hans K. Reisch (Member of the Management Board since 2001, member of the SPAR founding families): Deputy Chairman of the Management Board; Finance and Branches, Human Resources, Human Resources Development, Controlling, Law, WEINGUT SCHLOSS FELS, TANN Meat and Sausage Specialities
- Marcus Wild (Member of the Management Board since 2021, member of the SPAR founding families): Real Estate and New Business (Innovations), SES Spar European Shopping Centers, Hervis, Business Process Management
- Markus Kaser (Member of the Management Board since 2021), long-standing SPAR manager): Marketing and Purchasing, CSR, EKS, INTERSPAR, Maximarkt, IT
- Paul Klotz (Member of the Management Board since 2021, long-standing SPAR manager): Food Trade International (Italy, Slovenia, Hungary, Croatia), ASPIAG Management AG

The SPAR Management Board has defined the long-term vision, corporate values, mission statement and strategic directions. With the new chairmanship of the Board since 2021, the vision "From Austrian retailer to Central European retail group" has changed in that the focus has shifted from pure growth to quality with the addition of "to the *best* Central European retail group". Based on the corporate vision, the SPAR HOLDING AG Management Board determines the strategic focus and economic objectives for the respective sub-organisations. The management boards directly make the strategic decisions to reduce negative environmental impacts. On the basis of prepared briefings from the specialist departments, board members decide either directly for their area of responsibility or within the framework of the fortnightly board meetings on topics that affect several board departments. For example, the revised energy and climate targets, which are published for the first time in this report, were discussed and decided on by the full Board. In addition, all Management Board members and managers as well as interested Supervisory Board members receive briefings on sustainable development topics and updates on the sustainability activities of the divisions as part of the Group's sustainability communication (press releases, portal messages, info screens, corporate magazines, etc.). In deep dives, the Supervisory Board and Management Board additionally address specific strategic topics such as energy savings with the respective specialist departments. The Management Board regularly informs the Supervisory Board about sustainability issues and the progress of sustainability activities so that the Supervisory Board can fulfil its supervisory duty.

GRI 2-12

GRI 2-17

¹ Due to an illness of the Chairman of the Board of Directors, Mr. Poppmeier, with a longer recovery phase, his areas of responsibility were distributed to the other members of the Board of Directors from the end of 2022.

The Management Board is ultimately responsible for the sustainability reporting and confirms the completeness and accuracy of the information. For this purpose, the Management Board is on the one hand involved in the definition of the material topics within the scope of the opportunity and risk analysis, receives the bases and evaluations of the stated key figures and approves the entire report before publication.

GRI 2-14

1.3.1. Sustainability management

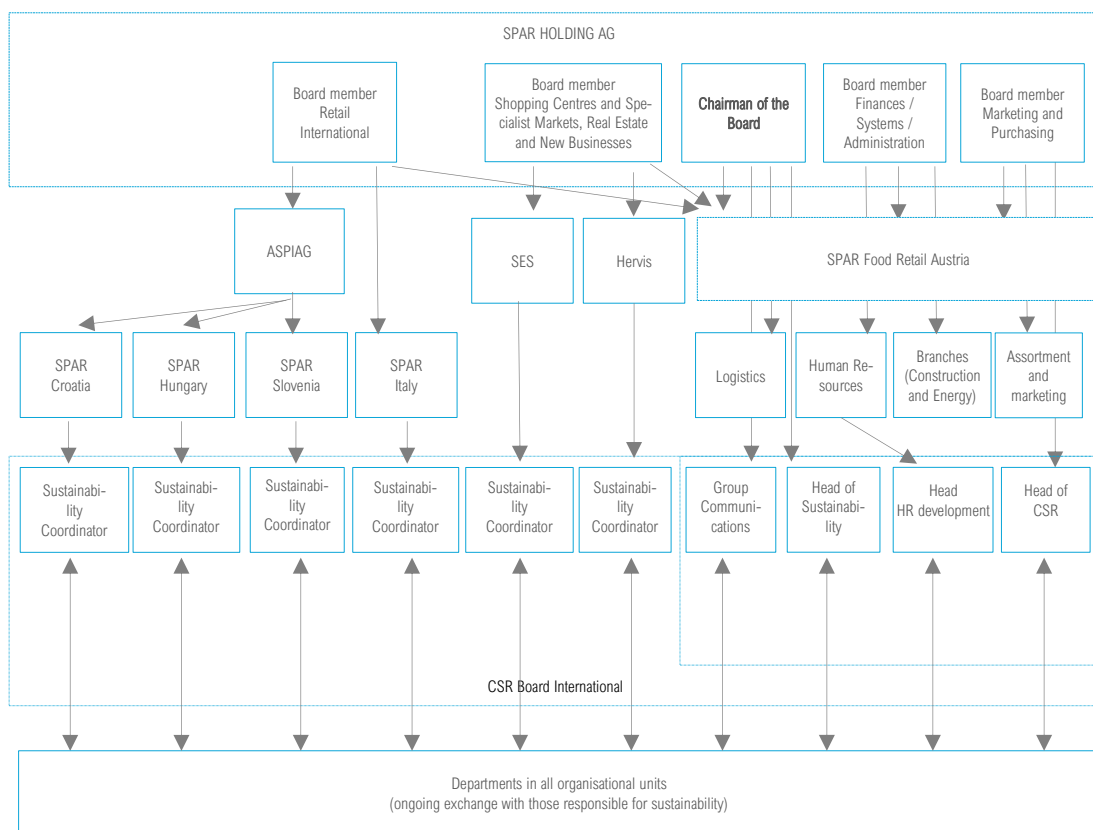
As early as 1971, the then newly founded SPAR AG and all its merchants committed themselves in the Declaration of Trust to guidelines in the areas of information, product declaration, purchase act, healthy nutrition, environmental protection and household advice. More than 50 years ago, SPAR was already focusing on measures that are now subsumed under the term sustainability. SPAR has remained true to this commitment ever since and has transferred this idea to new business areas and countries, which today form the SPAR Group. In the three corporate values - modern, people-friendly, uncomplicated - the idea of sustainability is anchored threefold. SPAR is modern and uses new technologies that save energy, emit less greenhouse gases or make work steps easier. SPAR is people-friendly through appreciative and careful treatment of its own employees, through strengthening regional value creation and through standards in the supply chain. And SPAR is uncomplicated, i.e. efficient in the implementation of measures.

The founding idea of the SPAR organisation is the voluntary amalgamation of retailers and wholesalers, for the greatest possible common advantage while maintaining the greatest possible independence. SPAR retailers and wholesalers as well as individual SPAR country organisations thus cooperate intensively in those areas where joint advantages can be achieved, while at the same time maintaining entrepreneurial independence and flexibility for economic success in the respective social environment. Following this principle, SPAR HOLDING has common targets in all areas where joint action makes sense, such as measures to reduce global warming or packaging. Wherever individual SPAR country units can better respond to the country-specific needs of customers and society, they define individual objectives. Each business unit, department and employee of SPAR is required to live these values in their daily work and to implement their own tasks in the most sustainable way possible. The SPAR Board and the respective divisional management at Hervis and SES assign the respective divisional managers of the specialist department as part of their daily work with the strategy, planning and implementation of measures to reduce the negative impact on the economy, the environment and people and to promote positive impacts. This is the only way that experts in their respective fields can make sound decisions and implement measures with a sustainable impact. The specialist departments report directly to their responsible Management Board member in Austria or to the management of the organisational unit as part of the regular coordination between the management levels. The ultimate responsibility for the sustainability strategy and the implementation of sustainable measures lies with the respective management of SPAR country organisations or Hervis and SES as well as the SPAR HOLDING Board. Operationally, the subsidiaries are completely independent and set their own targets and measures.

GRI 2-22

GRI 2-13

There is therefore no separate sustainability department with operational responsibility. The two positions "Head of CSR" and "Head of Sustainability" coordinate issues that affect several departments and communicate with stakeholders. The Head of Sustainability is responsible for sustainability reporting and coordinates the group-wide coordination of targets, materiality analysis and ESG opportunity and risk analysis. The sustainability coordinators of the various subsidiaries regularly coordinate their activities directly and report directly to the board members and managing directors of the country organisations or divisions. There is a regular loose exchange between the sustainability coordinators and the Head of Sustainability, which will also take place digitally in the future with the introduction of a cross-national communication system.



Responsibilities for sustainability issues in SPAR HOLDING AG management

1.3.2. Remuneration policy

Adequate compensation for employee performance is the basis for long-term relationships with the people who work at SPAR. Employees' pay levels are therefore based on their tasks, experience, seniority and commitment, but not on diversity characteristics. In Austria, all SPAR employees (with the exception of the SPAR Management Board) are covered by a collective agreement and are paid according to the relevant rates plus voluntary overpayment. In the other countries there are some collective agreements for groups of employees that SPAR complies with. Overall, 73% of all SPAR employees are paid according to a collective agreement.

GRI 2-30

The remuneration of the Management Board members as part of the highest controlling body is decided by the Supervisory Board, as are the procedures for determining the remuneration. The remuneration of the Management Board consists of a basic salary, benefits in kind, a company pension as well as a bonus, which depends on the economic performance of the company. Performance in relation to managing the organisation's impact on the environment and people has no influence on the amount of the bonus. A committee of the Supervisory Board annually evaluates the performance of the Management Board and releases the performance bonuses, which are contractually defined in advance.

GRI 2-18
GRI 2-19
GRI 2-20

The ratio of total annual remuneration between the highest controlling body and the median of all employees is currently not calculable due to different personnel systems. Work is underway to introduce a uniform human resources management system. This information will be possible with the roll-out of the central personnel management system in all countries of SPAR HOLDING AG in 2025.

GRI 2-21

1.4. Strategy, policies and practices

1.4.1. Principles and courses of action

SPAR is committed to complying with laws and regulations that are among the strictest in the world in Europe and are government controlled. SPAR contributes to environmental and employee standards and is committed to international frameworks such as the Universal Declaration of Human Rights, UN Convention on the Rights of the Child, UN Convention on the Rights of Women, UN Guiding Principles on Business and Human Rights, EU Unfair Trading Principles, OECD Guidelines for Multinational Enterprises and labour and social standards of the International Labour Organisation (ILO). In addition, SPAR HOLDING AG has set itself climate targets for its own emissions (Scope 1 & 2), which go hand in hand with achieving a maximum global warming of 1.5°. Commitments are always decided by the SPAR Board. Parts of these commitments are contractual with suppliers and therefore confidential, public commitments are available at www.spar.at/nachhaltigkeit.

GRI 2-23

SPAR Holding AG refers in the General Terms and Conditions to compliance with the amfori BSCI Code of Conduct, which is based on the internationally recognised labour standards of the International Labour Organisation (ILO) and the United Nations (UN). European suppliers are subject to the same strict EU legislation and controls by national authorities as SPAR itself. For international suppliers, SPAR uses risk-based due diligence with a focus on production facilities in countries that are considered risk countries for human and environmental rights violations according to amfori BSCI. In some areas SPAR goes beyond the regulations and standards depending on the country (see also chapter 3.4. Impact of products on the environment and people along the supply chain).

GRI 2-24

In 2015, the United Nations presented an agenda for sustainable global development until 2030. The 17 Sustainable Development Goals (SDGs) and 169 sub-goals are addressed to governments worldwide, but also to civil society and the private sector. The SDGs highlight a number of risks that will continue to worsen in the coming decades if governments, companies and citizens do not take action against these developments – first and foremost global warming, which must be kept below 1.5°C. At the same time, they also point to opportunities that SPAR HOLDING AG must address. Mitigation measures for the risks mentioned below as well as measures to exploit the opportunities are detailed in the respective chapters. All SDGs are equally important and closely interlinked. However, the impact of a retail company is greater on some sub-goals than others. Therefore, SPAR focuses on those goals that can be directly influenced through responsible business. Eleven of the 17 goals and 19 of the 169 sub-goals are in the focus of SPAR and are pursued with concrete measures. The overview in Annex 7.2. provides the relationship of SPAR activities to the SDGs and the relevant GRI indicators. At the beginning of each chapter, coloured boxes in the left margin indicate the contribution to the SDGs.

1.4.2. Procedure for addressing negative impacts and reporting concerns

Stakeholders can submit complaints by telephone, electronically or by post. These are forwarded to the responsible departments and processed there. If necessary, they are forwarded to the next higher management level or the Management Board. In addition, stakeholders such as employees or customers can also contact the Management Board directly by email in the spirit of flat hierarchies. Due to this informal communication, an evaluation of the total number and type of critical concerns communicated to the highest governance body is not possible. In the event of damage to customers and employees, SPAR expressly apologises and provides compensation depending on the specific damage. In the case of damage occurring within the supply chain, SPAR will contact the respective supplier to compensate for the damage or to avoid damage in the future.

GRI 2-16
GRI 2-25

In 2022, a system was prepared that enables the confidential reporting of misconduct and violations of laws and regulations. In future, those affected can report incidents of corruption, money laundering, unauthorised acceptance of gifts, violations of product safety or environmental and consumer protection, etc. The report can be made anonymously. A team of the legal and audit departments will assess all incoming reports for their relevance and decide on the further course of action. In the case of violations of labour law, the Human Resources Department should be contacted.

GRI 2-26

1.4.3. Stakeholder engagement

SPAR defined relevant stakeholder groups in a multi-stage internal process when creating the corporate vision. This involved employees at all levels from stores to senior management. Since then, the stakeholders have been reviewed regularly, at least once a year, to ensure they are up to date and the list has been extended where necessary. The occasion for this is the annual mailing of the SPAR Annual Report and the SPAR Sustainability Report. The most relevant stakeholders of SPAR HOLDING are:

GRI 2-29

- Customers
- Suppliers
- Employees
- NGOs
- Politics and authorities
- Owner

SPAR is in contact with the largest group of stakeholders - customers - through various feedback channels such as the SPAR Serviceline, social media channels or complaint forms (email, website). SPAR continuously exchanges information with external groups in its daily work and in various working groups such as ARGE Gentechnik-frei, WWF CLIMATE GROUP, the advisory board of the Tafeln association, the scientific SPAR doctors' advisory board, the SPAR bee council, the Sustainability Agenda and many others. The purpose of stakeholder engagement is, on the one hand, to learn about the ongoing interests, issues, trends and criticisms that SPAR needs to address. On the other hand, SPAR uses these forums and contact opportunities as well as the sustainability report, press releases, information letters, discussion groups and smaller information events to actively inform about sustainability activities and to provide background information on motivations for activities.

In spring 2021, SPAR conducted the last major stakeholder survey. SPAR collected stakeholder issues and combined them with the content of the last sustainability reports, Sustainable Development Goal targets, current trends from national and European policy programmes, retailer and industry benchmarks and information from the GRI standard. With the support of Ernst & Young, SPAR asked stakeholders about this list of topics via an online survey to assess their influence on the individual stakeholders or the groups they represent (inside-out). Stakeholders were asked to rank the issues that were important to them. The SPAR CSR Board ranked the issues important to stakeholders according to the impact of the company on the different issues and the ability to influence the impact (outside-in) and added any additional issues that impact SPAR from the environment/society.

GRI 3-1

The aspects classified as material from an external and internal perspective in the sense of double materiality can be grouped into four thematic areas as the main pillars of sustainability in the company: Responsibly manufactured products, employees, environment, climate and energy, and society.

Compared to the reports of previous years, the main topics are almost unchanged. In 2022, it is evident from customer feedback and discussions with NGOs that the handling of food donations continues to be an important topic, which has become more relevant for social organisations due to the general inflation. The topics of circular economy, waste and recycling have also continued to be rated by stakeholders, which is not surprising due to the intensive public discussion and in view of the fulfilment of the relevant directives of the European Union. Circular economy is reported both in the product area (packaging reduction, recyclable packaging, ...) and in the area of environment, energy & climate (waste disposal and recycling). In addition, the topic area "biodiversity" was discussed more intensively with NGOs and is treated as a separate material topic. In Austria, animal welfare has been intensively discussed due to protests by an NGO, especially in front of SPAR locations. These topics are also reflected in the media coverage. The most frequent reports in print and online media were on donations, education and training, working conditions, regionality and energy saving. There were no new topics with regard to previous materiality analysis.

Overview of the results of the survey of key issues by stakeholder group

Stakeholder group	Type of integration	Most important topics	Key figures/assessment basis
Customers	Online stakeholder survey Customer enquiries (around 100,000 per year in Austria alone) to the SPAR Service Team	<ul style="list-style-type: none"> • Security of supply with Food • Regional purchasing • Quality and safety of products and services • Conscious nutrition • Construction of buildings and land use • Standards in the supply chain • Circular economy • Reduction of energy consumption and GHG emissions 	<ul style="list-style-type: none"> • Service level wholesale & out of stock quota • Number of regional suppliers • Quality audits • Products with special nutritional properties • Site development and -planning, construction • New suppliers screened against environmental and social criteria • Waste quantities and disposal • Energy consumption & intensity, GHG emissions & intensity
Suppliers	Online stakeholder survey Direct contact with assortment managers	<ul style="list-style-type: none"> • Security of food supply • Regional purchasing • Quality and safety of products and services • Circular economy • Standards in the supply chain • Handling food • Reduction of energy consumption and GHG emissions • Compliance 	<ul style="list-style-type: none"> • Service level wholesale & out of stock quota • Number of regional suppliers • Quality audits • Waste quantities and disposal • New suppliers screened against environmental and social criteria • Spoilage • Energy consumption & intensity, GHG emissions & intensity • Number of significant cases of non-compliance
Employees	Online stakeholder survey Employee survey every three years (last survey in 2019. Next survey in 2024, postponed due to technical problems) Dialogue with superiors Mailbox for employees' sustainability concerns	<ul style="list-style-type: none"> • Quality and safety of products and services • Regional purchasing • Health and safety of employees • Conscious nutrition • Handling food • Employer attractiveness • Reduction of energy consumption and GHG emissions 	<ul style="list-style-type: none"> • Customer health & safety -safety • Number of regional suppliers • Work-related injuries • Products with special nutritional properties • Spoilage • Newly Recruited Employees & Staff Turnover, Employee Survey • Energy consumption & intensity, GHG emissions & intensity
NGOs	Online stakeholder survey Cooperation and exchange in the course of various projects	<ul style="list-style-type: none"> • Standards in the supply chain • Security of food supply • Quality and safety of products and services • Health and safety of employees • Economic development of the company • Construction of buildings and land use • Regional purchasing • Conscious nutrition 	<ul style="list-style-type: none"> • New suppliers screened against environmental and social criteria • Service level wholesale & out of stock quota • Number of quality audits • Work-related injuries • Direct economic value generated and distributed • Site development and planning, construction method • Number of regional suppliers • Products with special nutritional properties

		<ul style="list-style-type: none"> • Reduction of energy consumption and GHG emissions • Handling food 	<ul style="list-style-type: none"> • Energy consumption & intensity, GHG emissions & intensity • Cooperation with social organisations
Politics and authorities	<p>Online stakeholder survey</p> <p>Policy monitoring with a focus on current sustainability issues</p>	<ul style="list-style-type: none"> • Construction of buildings and land use • Standards in the supply chain • Security of food supply • Quality and safety of products and services • Handling food • Circular economy • Regional purchasing 	<ul style="list-style-type: none"> • Site development and planning, construction method • New suppliers screened against environmental and social criteria • Service level wholesale & out of stock quota • Quality audits • Cooperation with social organisations • Waste quantities and disposal • Number of regional suppliers
Owner	<p>Online stakeholder survey</p> <p>Regular exchange with members of the CSR Board and the Head of Sustainability at SPAR</p>	<ul style="list-style-type: none"> • Security of food supply • Conscious nutrition • Standards in the supply chain • Regional purchasing • Quality and safety of products and services 	<ul style="list-style-type: none"> • Service level wholesale & out of stock quota • Products with special nutritional properties • New suppliers screened against environmental and social criteria • Number of regional suppliers • Quality audits

1.4.4. ESG Opportunity and Risk Assessment

Shortages of raw materials, human or environmental rights violations in the volatile supply chain or delivery failures due to natural disasters are just some of the relevant risks for the SPAR HOLDING AG companies in the individual countries. As a basis for improved risk and opportunity management and the definition of material issues, SPAR has evaluated ESG opportunities and risks together with an external partner by means of an opportunity and risk inventory in 2022. Departmental managers identified potential opportunities and risks from their experience, benchmark analyses and standards, which were then assessed, consolidated and categorised. Among other things, risks from the political environment, technological developments, a change in lifestyle, natural disasters and the availability of energy and raw materials were included. Attention was paid to opportunities and risks that affect the environment/society from the company as well as vice versa from the environment/society to the company SPAR HOLDING (double materiality). In a further step, the identified and assessed risks were included in the Audit Risk Model. Risks and opportunities with the potentially highest damage or benefit and a high probability of occurrence are included in the current reporting after approval by the SPAR HOLDING Management Board, including a description of the mitigation measures taken.

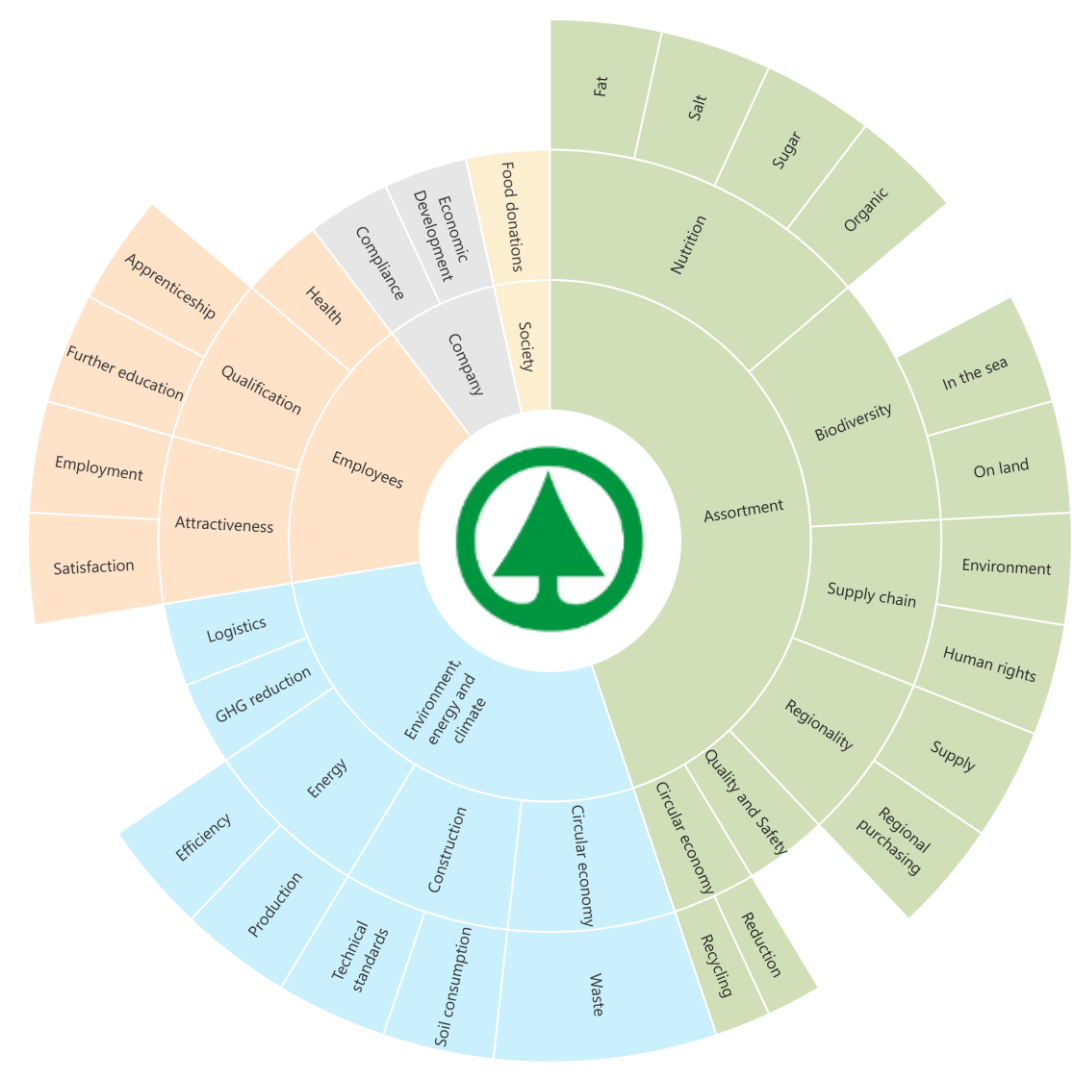
1.4.5. Material topics

From the stakeholder engagement and the ESG risk-opportunity analysis, all relevant topics were brought together and defined as material for this report. The individual questions or aspects were combined into topic groups, which can be found as material topics in the following table. This report does not rank the topics among each other, as the topics have remained constant over the past years with different prioritisation - depending on the stakeholder group.

GRI 3-2

The following table shows which topics, based on the online survey and the dialogue with stakeholders, are considered particularly important by the respective stakeholder group:











Subject area	Material topic	Relevant through	Direction of action
Responsibly manufactured products	Conscious nutrition (e.g. offering organic products)	Stakeholders: Customers	Inside-out
	Standards in the supply chain: Impact of products on the environment and people	Stakeholders: Suppliers, NGOs, employees, customers, politics	Both
		Risks: Reputation and penalties	
	Biodiversity (conservation and promotion of biodiversity)	Stakeholders: NGOs, politics	Both
	Quality and safety of products and services	Stakeholders: Customers	Inside-out
		Risks: Reputation and liability	
	Regional purchasing and security of supply	Stakeholders: Suppliers, customers, politics	Both
Opportunities: stability, reputation, value creation Risks: Supply chain disruption			
Circular economy (reduction of product packaging, recyclable packaging)	Stakeholders: NGOs, suppliers, Politics	Both	
	Opportunities: resource conservation Risks: product safety and durability, costs		
Society	Handling food (food donations)	Stakeholders: NGOs, politics	Inside-out
		Opportunities: resource conservation, cost reduction	
Environment, Energy & Climate	Circular economy (waste avoidance, collection & recycling, careful handling of food)	Stakeholders: NGOs, suppliers, Politics	Both
		Opportunities: resource conservation	
	Building construction & land use	Stakeholders: NGOs, politics	Both
		Risks: Cost increases	
Reduction of energy consumption and GHG emissions (e.g. reduction of energy consumption, use of renewable energy sources)	Stakeholders: NGOs, politics, customers	Both	
	Opportunities: Reduction of climate impacts Risks: cost increase, security of supply		
Employees	Employer attractiveness (employment, employee satisfaction, work-life balance)	Stakeholders: Employees	Inside-out
		Opportunities: Sufficient employees	
	Qualification of employees (training measures for apprentices and employees)	Stakeholders: Employees, customers	Inside-out
	Opportunities: employee retention, customer satisfaction		
	Health and safety of employees	Stakeholders: Employees	Inside-out
Company	Compliance: business ethics and correct business conduct	Stakeholders: Suppliers, politics	Inside-out
		Risks: Penalties for non-compliance	
	Economic development of the company	Stakeholders: Owners, employees	Both





The material issues are updated annually based on stakeholder engagement, in particular customer feedback and direct discussions with NGOs, policy makers and owners by the sustainability managers. The annual updates of the ESG opportunity and risk analyses of the risk owners are also included in the materiality analysis after consultation with the SPAR Management Board.

1.4.6. Overview of SPAR targets

Scope	Destination	Current status end 2022	Details on page	Target achieved
All countries	SPAR bans caged fresh eggs in all countries by 2025.	In Austria and Slovenia, caged eggs are no longer part of SPAR's product range. SPAR Croatia and SPAR Hungary were able to further reduce the share of caged eggs in 2022. SPAR Italy also continues to work intensively on the transition by 2025.	S. 52	
All countries	SPAR keeps the number of product recalls due to health risks at a consistently low level.	In total, there were 16 preventive product recalls in SPAR HOLDING last year due to possible health hazards. The number has fallen sharply compared to previous years.	S. 56	
Austria	SPAR increases sales of organic products under SPAR brands by 10 per cent and the number by five per cent each year.	In 2022, SPAR was again able to increase both sales and the number of organic branded products. SPAR now offers a total of 1,633 organic products under SPAR brands. However, due to inflation, the targets set were just not achieved. More detailed information is not provided for competitive reasons.	S. 34	
Austria	SPAR keeps the fish assortment at 100% responsible sources according to WWF Austria's assessment.	WWF Austria has reconfirmed that all fish products under SPAR brands and 99 per cent of the entire SPAR fish assortment come from responsible sources.	S. 50	
All countries	By 2030, all SPAR brand packaging will be recyclable.	SPAR is committed to the European Circular Economy plans and therefore plans to increase the recyclability of SPAR brand packaging. Indicator systems are being developed, but due to the lack of a legal definition of recyclability, KPIs are still missing.	S. 39	
All countries	By 2025, SPAR will save 20 per cent of the plastic packaging brought into circulation (base year 2020).	SPAR is committed to the plans of the European circular economy and therefore plans to increase the recyclability of SPAR brand packaging. Indicator systems are being established for this purpose.	S. 62	
All countries	SPAR is raising the proportion of recycle in packaging of SPAR food and near-food brands to at least 20 per cent, and for SPAR non-food brands to 100 per cent by 2030.	SPAR is committed to the plans for the European circular economy and therefore plans to increase the recyclability of SPAR brand packaging. Indicator systems are being established for this purpose.	S. 62	
All countries	SPAR increasingly informs consumers about packaging materials on SPAR brand packaging to facilitate correct separation.	In Italy, all DESPAR products are already labelled with appropriate segregation notices, and SPAR Hungary has continued to label products. In Austria, the recycling code is widely printed on own-brand products.	S. 62	
Hervis	By 2025, Hervis will have eliminated perfluorinated and polyfluorinated chemicals (PFCs) from all Hervis brand textiles.	Since 2021, all outdoor and ski textiles of the Hervis brands have been free of PFC. The target was thus achieved early on.	S. 80	
All countries	Conversion to zero-emission vehicle fleet by 2050	SPAR is regularly involved in electric and hydrogen conversion projects. To promote	S. 80	

			zero-emission company cars, SPAR has issued a new fleet policy in 2022.			
All countries	SPAR reduces greenhouse gas emissions by 80 per cent in absolute terms in 2050.	SPAR Holding reduced greenhouse gas emissions by 27% in absolute terms and by 42% in relation to inflation-adjusted sales compared to the 2014 baseline.		S. 80		
All countries	Almost 100 per cent of the energy required will come from renewable sources by 2050 (incl. own logistics).	All the electricity consumed in Austria, Slovenia and most of the electricity consumed in Italy comes from emission-free sources and SPAR is continuously increasing the energy production of its own photovoltaic systems. The conversion of logistics is still challenging, as alternative drive systems for trucks are only just being introduced to the market. Currently, the share of energy from renewable sources is 45.6%.		S. 77		
All countries	From 1.1.2022, only refrigerants with a GWP of less than 150 will be used in new buildings and conversions of SPAR buildings.	In new buildings, refrigeration systems with CO ₂ as a refrigerant are already used as a matter of priority. This has been mandatory in the group since 1 January 2022.		S. 80		
SES Austria	SES will install photovoltaic systems on 50 per cent of the available roof area of SES shopping centres and INTER-SPAR stores by 2050.	So far, SES has implemented PV systems at MURPARK Graz and WEBERZEILE Ried (not included in the scope of the report); in 2022, the expansion at the Mariandl shopping centre was implemented.		S. 48		
Italy	SPAR is gradually rolling out ISO 14001 environmental management certification to all sites.	2022 existing ISO14001 certifications were renewed. A further six stores were included in the audits.		S. 76		
Austria, Slovenia	SPAR in Austria and Slovenia, as well as Hervis for Austria and Germany and SES for Austrian shopping centres introduce and maintain ISO50001 energy management certification.	SPAR Austria, SPAR Slovenia, Hervis for Austria and Germany as well as SES Spar European Shopping Centers for shopping centres and INTERSPAR Austria operate an energy management system according to ISO50001 and have upright certifications. In 2022, the SES sites in Slovenia underwent certification. SPAR Hungary conducts energy audits.		S. 50		
All countries	SPAR keeps participation in the employee survey constant at over 80 per cent.	In the last employee survey in 2019, 78 per cent of employees took part, which is slightly less than planned. The next survey will take place in 2024.		S. 64		
Austria	According to the employee survey, over 80 per cent of employees recommend SPAR as an employer.	In 2019, 85 per cent of all respondents recommended SPAR as an employer. The next survey will take place in 2024.		S. 30		
Austria	More than 80 percent of sales managers have completed the mandatory training defined for their position.	During 2021, SPAR transitioned many training courses to online delivery and continued to develop an online training programme. In 2022, 86% of managers successfully completed their mandatory training.		S. 64		
Austria	SPAR maintains the number of locations that donate food to social organisations at almost 100 per cent (based on all	SPAR cooperates intensively with social organisations that collect unsaleable food.		S. 91		

		locations in the vicinity of which there is a social organisation).				
All countries	SPAR continues to behave in accordance with the law.	In 2022, there were no incidents of corruption and no complaints of non-compliance with environmental or social laws.		S. 25		
All countries	SPAR improves processes related to sustainability reporting (digitalisation of data collection, process flows).	In 2022, a project was launched to prepare and implement the EU directives (CSRD, CSDDD).		S. 25		

 Target reached,  not reached,  Target on course,  not on course



ECONOMY

Without sustainable business success, a company cannot exist in the long term and thus provide environmental and social services. SPAR's key objective is to maintain the independence of the entire group of companies while maintaining the existing ownership structure. The necessary prerequisite for this is to ensure the long-term success of the company, measured in terms of sales, earnings and market shares.

2.1. Economic development and market position

<p>Strategic thrust</p> <ul style="list-style-type: none">• Growth leadership<ul style="list-style-type: none">○ We are growing stronger than the relevant competition○ We grow through expansion and by increasing productivity per unit area
<p>Fields of action</p> <ul style="list-style-type: none">• Effectiveness and efficiency in processes and projects• Expansion and location development
<p>Targets</p> <ul style="list-style-type: none">• Concrete objectives are not published for reasons of competition.
<p>Topics according to GRI</p> <ul style="list-style-type: none">• GRI 201 Economic performance
<p>Key figures according to GRI</p> <ul style="list-style-type: none">• 201-1 Direct economic value generated and distributed

SPAR is a major employer for around 76,000 employees, one of the most important distribution partners for food producers and agriculture, a major player among sports retailers and a social meeting place for visitors to shopping centres. A secure economic survival of the company is therefore in the interest of numerous stakeholders. The continued existence of the company is directly dependent on positive economic development. SPAR HOLDING AG has formulated clear strategic directions for its three strategic business areas of food retailing, sports retailing and shopping centres, each of which is linked to targets for the individual organisational units and regular internal performance reviews:

GRI 3-3

1. Growth leadership: Growth stronger than the competition through expansion and increase in space productivity
2. Concept leadership in each distribution type, the respective shop concepts are perceived as leading by customers.
3. Assortment and product leadership: SPAR carries the most attractive assortment, is the first to offer new products, recognises trends early and leads in quality, regionality and freshness.
4. Price leadership in branded goods and SPAR brands: SPAR is equally cheap or cheaper than the competition, has strong promotional prices and perceives price perception from the customer's point of view as an important criterion for price leadership.
5. Cost leadership: SPAR HOLDING keeps an eye on key cost types and drivers.
6. Innovation and issue leadership: SPAR HOLDING takes on the role of trendsetter and proactively addresses socially significant issues. Locations and the entire company are subject to ongoing modernisation.
7. Social Leadership: SPAR is the most attractive employer, is perceived as modern, people-friendly and uncomplicated and assumes social responsibility towards customers, suppliers, the environment, employees, politicians and owners.

SPAR pursues these objectives in equal measure, they are recorded in a balanced score card with key figures and are reported on regularly. There is no public reporting on specific targets for competitive reasons.

The SPAR grocery division is aiming for further sustainable growth. With annual sales growth above the industry average, a top 3 position among food retailers was achieved in each country organisation in the respective catchment area. The market position is being consolidated and expanded through the successful implementation of the seven internally defined strategic directions. Sustainable regionality, high price aggressiveness, the best price/performance ratio and the further expansion of non-food competence with a group-wide focus are key success factors.


Hervis is one of the largest domestic sports retail chains. It is on a committed growth course both nationally and internationally and is the innovation leader in multichannel and branch concepts. Hervis' product bastions are cycling, outdoor, running and the "winter" category. Due to the strong competition in the sports retail sector, no information on strategic orientations or concrete objectives can be published.

SES Spar European Shopping Center creates and operates popular urban shopping destinations: from local supply and district centres to multifunctional inner city districts and supraregional shopping magnets. SES also brings its real estate expertise to bear in advising municipalities and in urban development. The aim of SES is to create vibrant meeting points with the highest customer relevance, timeless modern architecture and a trendy range of retail, gastronomy, services, entertainment and services that enrich life. The success factor here is the retail experience that SES contributes as part of the SPAR Group and thus understands and combines the requirements of shopping partners and customers. SES aims to be the number 1 in the region. Urbanity, long-term partnerships, mutual trust and well-considered investment decisions are at the core of the success strategy.

In the 2022 financial year, SPAR generated EBT of € 263.5 million. The economic results of SPAR HOLDING are published annually in the Group Management Report in accordance with IFRS and can be found at www.spar.at/unternehmen/daten-fakten.

GRI 201-1

2.2. Business ethics and proper business conduct

<p>Strategic thrust</p> <ul style="list-style-type: none"> • Social Leadership <ul style="list-style-type: none"> ○ We take social responsibility towards our entire environment: ecology, politics, investors, employees, suppliers, customers, etc. <p>Fields of action</p> <ul style="list-style-type: none"> • Fair trade practices <p>Targets</p> <ul style="list-style-type: none"> • SPAR is committed to compliance with laws and regulations and therefore sets an ongoing goal to continue to behave in a legally compliant manner. <p>Contribution to SDGs</p> <ul style="list-style-type: none"> • Goal 16 Peaceful and inclusive societies <ul style="list-style-type: none"> ○ 16.5 Substantially reduce corruption and bribery in all their forms <p>Topics according to GRI</p> <ul style="list-style-type: none"> • GRI 2-27: Compliance with laws and regulations (2021) • GRI 205: Anti-corruption (2016) • GRI 206: Anti-competitive behaviour (2016) <p>Key figures according to GRI</p> <ul style="list-style-type: none"> • 2-27: Compliance with laws and regulations (2021) • 205-3 Confirmed incidents of corruption and actions taken • 206-1 Legal actions for anti-competitive behaviour, anti-trust, monopoly practices 	
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Trade, especially in a concentrated market like Austria, requires tough competitive conditions and strict price negotiations, which should lead to fair competition in the interest of consumers. The conditions for these business relationships are regulated, among other things, by competition law. SPAR is committed to complying with this legal basis. SPAR is committed to the EU requirements on Unfair Trading Practices and has already signed a self-commitment declaration in Austria in 2018, which was jointly developed by the Ministry of Agriculture and the Federal Competition Authority. Since 2022, Austria has had the Fairness Office, an independent complaints office at the Ministry of Agriculture, which suppliers can contact anonymously in the event of possible misconduct in order to improve fairness in the supply chain. A first report by this office did not contain any concrete accusations against individual trading companies.

GRI 3-3

GRI 2-25
GRI 2-26

In recent years, the SPAR Austria Group has significantly strengthened and further developed antitrust compliance in assortment management in food retailing in the responsible companies. There are corresponding antitrust compliance standards for assortment managers in the food trade and further measures are carried out in this context in assortment management, such as regular training and an online test. All assortment managers and purchasing staff concerned

have been nominated by the respective division managers at the request of the compliance manager and have to complete the relevant training, an online test and regularly refresh the contents in order to independently align their behaviour with the legal provisions and the strict internal antitrust compliance standards. In addition, SPAR has provided the suppliers of the assortment management team with written information on the basic principles of antitrust law as the basis of the business relationship.

Beyond purchasing, SPAR is subject to a wide range of environmental, labour, product safety and labelling laws throughout its operations. Compliance with these laws is the responsibility of the specialist departments, which are supported by the legal departments in the countries.

In 2022, there were no known incidents of corruption and no complaints of non-compliance with environmental or social legislation. In Croatia, a case is pending before the Croatian Antitrust Authority under the Unfair Trade Practices Act in relation to the alleged sale of three products below purchase price under a discount marker programme. In the case of two products, the proceedings have already been dismissed due to a legally binding decision by the customs office. For the third product, SPAR received a cartel fine of HRK 1.3 million, which SPAR is contesting, however, due to the already successful dismissal in the case of the other two products. A ruling by the Administrative Court is still pending in 2022. Overall, there were no material cases of non-compliance in SPAR HOLDING in 2022, i.e. with penalties exceeding € 100,000 or the equivalent for non-financial penalties. In Italy, one tax case from 2016 was closed with a penalty of € 112,000 with reference to IRES.

GRI 205-3
GRI 206-1

GRI 2-27

There were a total of 569 smaller proceedings, for example for incorrect labelling of products or incorrectly filled waste bins, which resulted in a total fine of about € 570,000. Of this, € 287,870 came from misdemeanours in the reporting year and € 281,320 from older proceedings. A time limit violation in Austria under the Employment of Foreign Nationals Act resulted in a ban on hiring people from third countries, which expired in the reporting year.

A project was launched in 2022 to improve sustainability reporting processes and prepare for the requirements of the EU Directives on non-financial reporting and corporate due diligence (e.g. Corporate Sustainability Reporting Directive /CSRD, European Sustainability Reporting Standards /ESRS), Corporate Sustainability Due Diligence Directive /CSDDD). The focus is on reporting tools and the digitalisation of data collection and analysis.


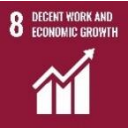


ASS

The biggest lever for environmentally and socially conscious behaviour lies in the composition of the range of goods on the basis of sustainable standards. On the one hand, SPAR pays attention to high standards in the supply chain in the food trade, at Hervis and SES. On the other hand, the products sold should also contribute to a conscious lifestyle. SPAR places a particular focus on standards for the SPAR brands, which make up a large part of the SPAR assortment and over whose production conditions and origin SPAR has the greatest influence. In addition, SPAR attaches particular importance to short delivery routes, especially in the food trade, and therefore primarily buys from regional producers.

MENT

3.1. Regional purchasing and security of supply

<p>Strategic thrust</p> <ul style="list-style-type: none">• Product range and product leadership<ul style="list-style-type: none">○ We are first movers with new products, especially with regard to seasonality○ We promote regional products• We have the leading concept in the respective distribution type <p>Fields of action</p> <ul style="list-style-type: none">• Local supply with high-quality food• Regional purchasing and value creation• Secure logistics <p>Targets</p> <ul style="list-style-type: none">• Use efficient logistics processes• Maintain or build regional food supply chains• Use efficient business processes and exploit synergy effects <p>Contribution to SDGs</p> <ul style="list-style-type: none">• Goal 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture.<ul style="list-style-type: none">○ 2.1 End hunger by 2030 and ensure that all people have year-round access to safe, nutritious and sufficient food.○ 2.2 End all forms of malnutrition by 2030.• Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.<ul style="list-style-type: none">○ 8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro, small and medium-sized enterprises, including through access to financial services. <p>Key figures</p> <ul style="list-style-type: none">• SPAR-KPI Austria: Number of regional suppliers• SPAR-KPI: Service level wholesale (not published for competitive reasons)• SPAR-KPI: Out of stock ratio (not published for competitive reasons)	 
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In particular, food in the SPAR assortment has a strong connection to its origin - for many customers, the origin of food is an important purchase criterion, especially for agricultural products. Regionally grown or produced foods are more in demand than imported items. The reason for this is on the one hand that these products correspond to regional eating habits and are needed for regional cuisine, and on the other hand that consumers want to strengthen the regional (rural) economy. In addition, the supply chains are more stable when sourced regionally, as they are not dependent on international influences, as the COVID-19 pandemic or the Ukraine war have shown.

Cooperation with regional suppliers has therefore been an important success factor for SPAR for decades. SPAR's strategic advantage is its regional structure with organisational units in the regions that not only handle the delivery of goods, but also design regional assortments in their own purchasing departments. Each SPAR organisation in the countries operates a national central purchasing department, which designs the assortment of the respective country and develops SPAR branded articles. The exchange of these national SPAR branded articles is promoted and coordinated at the head office in Salzburg. In countries with large SPAR structures such as Austria and Italy, there are also purchasing departments in the regional branches that procure articles from their region for the stores in their region in addition to the national assortment. This allows SPAR to respond to regional differences in purchasing, to take advantage of international purchasing benefits for basic items and at the same time to meet customers' demand for regional and even local products. Fruit and vegetables come in season from the respective country, bread and dairy products from the nearest bakery or dairy and regional specialities under SPAR brands are also a focus on the SPAR shelves. Purchasing staff have a direct relationship with regional specialities and their producers. For consumers,

GRI 3-3

many of these foods are easy to recognise in the stores, as they are labelled with regionally known logos directly on the shelves.

SPAR is also pushing new products that have not or no longer been grown or produced in Central Europe. On the one hand, SPAR cooperates with farmers who, for example, grow lentils or watermelons in the region and thus reduce imports. On the other hand, SPAR promotes start-ups in its own programmes to strengthen innovative young companies in the region and to promote regional value creation. The implementation of regional assortments and promotion of regional production is regularly measured in the number of regional suppliers and their products. The difficulty here is the definition of regional items, i.e. whether, for example, a regionally processed food is regional even if the main ingredients are not grown regionally. SPAR's definition is mainly based on the place of production of the offered items.

GRI 3-3

3.1.1. Regional food

Austria: Naheliegendes

In Austria, regionality managers in all six SPAR head offices are constantly searching for the best regional foods. SPAR stocks around 28,000 local and regional products from over 2,000 domestic suppliers in Austria, many of them from small-scale farms that can only produce enough for a few markets. But SPAR also works closely with larger domestic suppliers; for example, SPAR milk comes from the larger dairy in the respective province and is clearly labelled for customers with the province's coat of arms. SPAR sources 100 per cent of its fresh meat, fresh milk and eggs from Austria. In addition, every SPAR store offers bread from local bakers. INTERSPAR also promotes local manufacturers from the immediate vicinity, who can only supply a few locations at a time, and labels their products with the logo "Von dahoam das Beste" (The best from home).



GRI 204-1

For example what yoghurts and cheese is concerned, SPAR clearly labels where the processed milk comes from.

In order to make it clear to customers which processed products contain raw materials from Austrian agriculture, SPAR labels these foods with the Austrian flag. This is SPAR's response to the demands of many consumers for clear information on the origin of key ingredients.



The origin of processed food is clearly marked on the counters of INTERSPAR restaurants.

In 2022, INTERSPAR restaurants have taken a further step and source meat, dairy products and eggs for dishes freshly prepared in the restaurant exclusively from Austria. The origin of the processed food is clearly marked on the counters. INTERSPAR thus shows that origin labelling is also practically feasible in gastronomy.

Italy: Sapori del nostro territorio



DESPAR highlights regional products with the "Sapori del nostro territorio" label.

DESPAR is the first major trading company in Italy to participate in the "Veneto Land of Venice" project, one of the aims of which is to promote typical regional products. In the Friuli region, ASPIAG Service is also involved in the regional project "Io sono Friuli Venezia Giulia", which promotes regional producers by labelling their products. In addition, regional foods are presented at tastings in the markets and during customer visits to the production plants. ASPIAG Service tours the regions with information trucks to promote and present regional products.

Croatia: Da, domaće je!

In addition to working with all the major Croatian food producers, SPAR Croatia supports a large number of smaller, regional producers and family farms. Within their capacities, they are also given the opportunity to produce for SPAR brands. In 2022, a total of 63 new private label products were developed in collaboration with local producers. This facilitates access to the market for regional businesses with their own brands as well as under SPAR brands. The campaign "Da, domaće je!" (Yes, it's local) campaign, SPAR actively promotes regional producers and their products. Thanks to the initiative, which is constantly being expanded with new products, a large number of local businesses have gained easier access to customers. Under the SPAR brand "SPAR Vrtovi Hrvatske" ("SPAR From the Gardens of Croatia"), SPAR has been selling fruit and vegetables that are 100 per cent sourced from Croatia since 2018. The product line is constantly being expanded with the aim of including products from as many family farms as possible. In a project of the Ministry of Agriculture and one of Croatia's most widely circulated daily newspapers, the best family farms are awarded every autumn. Prizes are awarded for the best family farm, the best young entrepreneur with a future and the farm with the most votes from readers. SPAR Croatia supports the campaign and has been the patron since 2021 in order to strengthen domestic agriculture even more.

Due to the high level of fresh meat imports in Croatia, SPAR is particularly proud to be able to offer customers fresh, high-quality beef from the Association of Croatian Meat Producers, which guarantees the origin with its seal.

Slovenia: From "To Smo Mi" to "Naravnost od Pridelovalca".

For several years now, SPAR in Slovenia has been labelling products from the region with the well-known logo "NAREJENO V SLOVENIJI" (Made in Slovenia). In 2019, chicken meat from Slovenia was introduced for the first time under SPAR's own brand. Since 2021, regional products have also been launched under the SPAR PREMIUM (Country Edition) brand. SPAR Slovenia is the first Slovenian retailer to also include local beef and pork in its meat offer. In 2022, direct cooperation with Slovenian chicken, pig and cattle farmers was further expanded. The shelves are marked with the logo "Naravnost od Pridelovalca" (directly from the breeder). The project not only promotes the sustainable development of the Slovenian countryside, but also sets higher animal welfare standards.



SPAR labels Slovenian products with "NAREJENO V SLOVENIJI" (Made in Slovenia). The website presents many of them in more detail.

There is a strong focus on developing new, innovative products from local raw materials and recipes, which are also made by hand. Exclusive products are developed in collaboration with Michelin chefs Gregor Vračko, Uroš Štefelin and Uroš Fakuč. 50 different SPAR Premium Michelin products have already been developed.

Hungary: New regional supplier system

And SPAR Hungary is also increasingly relying on regional suppliers. For example, Hungarian agriculture has been developed and promoted over many years.



In the markets, the products of the regional farms are marked with a red apple and the inscription "Régiók Kincsei" ("Treasures of the Regions").

In 2021, SPAR Hungary launched a new comprehensive partnership programme for Hungarian small producers and businesses. The aim is to establish new partnerships with regional suppliers and include their products in the range. Three new regional distribution centres were established in Székesfehérvár, Zalaegerszeg and Hódmezővásárhely to recruit and coordinate these local suppliers. In 2022, distribution centres in Pécs, Nyíregyháza, and Győr followed. Under this programme, SPAR Hungary offers local specialities from local micro-enterprises or even primary producers who would not normally have the opportunity to offer their products to a wholesale chain due to the size of their operations. The local products always come from the close vicinity of the respective markets that carry these products in their assortment. This saves transport distances and creates even fresher products.

Registration for the programme for the promotion of predominantly agricultural businesses and family farms is possible in a low-threshold manner online: <https://beszport.spar.hu/hu/regiok-kincsei>. The expansion of the logistics system to six regional centres is an essential part of the programme and further improves the marketing opportunities for regional products thanks to shorter distances.

Under the name "HAZAI.SZERETEM" ("SPAR HOME. I LOVE IT"), SPAR Hungary launched a SPAR brand line for traditional Hungarian flavours in August 2021. The brand started with 50 products in 2021. The product range was extended by 6 products in 2022. The products are always completely processed in Hungary and labelled differently depending on the origin of the raw materials:

- Hungarian product: All raw materials come from Hungary.
- Local product: More than half of the raw materials come from Hungary.
- Product with domestic processing: Less than half of the raw materials come from Hungary, the processing takes place in Hungary.



3.1.2. Promoting innovation and entrepreneurship

SPAR supports start-ups as important regional suppliers in many countries through its own programmes. The aim of these measures is to keep the SPAR range attractive for consumers through continuous innovation and to be available to start-ups as an attractive distribution partner with hundreds of outlets. Both sides benefit from long-term partnerships and exclusivity.

Štartaj Slovenija



In 2022, start-ups again presented their products and received shelf space at INTERSPAR in Slovenia.

Together with the Formitas advertising agency and the media house Pro Plus, SPAR has been running the start-up competition Štartaj Slovenija in Slovenia for seven years, which is broadcast on the high-reach private TV channel Pop-TV. Startups present their products in the show and receive shelf space in INTERSPAR stores in Slovenia. The most successful product is chosen annually by a jury and customers. In 2022, the Pausa pizza, created by Dan Strajnar, was chosen as the hit product of the year. The traditional Neapolitan-style pizza is pre-baked and flash-frozen. This makes it taste like it's fresh from the pizza oven, even at home.

The start-up competition offers young entrepreneurs prospects and economic opportunities for success in Slovenia. In this way SPAR wants to contribute to a positive economic environment that counters the trend of migration from Slovenia. 52 Slovenian companies have participated in Štartaj Slovenija so far, and around 200 products have been permanently added to the SPAR range.

Startaj Hrvatska

In 2022, the start-up programme "Startaj Hrvatska" by SPAR and the TV channel Nova TV entered its third round. In the third season, eight Croatian start-ups were given the chance to present their innovative products to a wide audience. All products were available at INTERSPAR and selected SPAR supermarkets during the broadcast. The winning product "Hit Product of the Year" was selected by the partners of the project and on the basis of sales figures and received an exclusive 2-year contract with SPAR. Some of the contestants from the first and second season developed further products in cooperation with SPAR, which are also listed at SPAR. Two of the 2021 winner's products gained recognition beyond the borders of Croatia and are also available in Slovenia. SPAR Croatia supports innovative, Croatian companies with this project and was therefore awarded the "Grand Prix" in the field of CSR by an expert jury of the Croatian PR Association in 2021.

Hungaricool by SPAR Startup Competition

SPAR Hungary organised the "Hungaricool" ideas competition for the fourth time in 2022. The competition is looking for innovative Hungarian products that have been developed from scratch or are not yet available in the retail sector. Ten companies will be selected from the applications and their products will be available at INTERSPAR and in the SPAR online shop in the following year. SPAR Hungary also supports the winners in terms of marketing. Thanks to a cooperation agreement, the participants have the opportunity to take part in the TV show "Unter Haien" ("Among the Sharks") on RTL Klub and present their own product.

In 2022, 49 products from 11 suppliers were added to the range at SPAR Hungary.



The products of the ideas competition for start-ups are available at INTERSPAR and in the SPAR online shop.

Young & Urban by SPAR

In Austria, SPAR invites young companies to apply with their products for a place in "Young & Urban by SPAR". SPAR has extensive know-how from its many years of experience in working with suppliers and is regarded in the industry as a reliable and fair partner at eye level.

Together with SPAR, numerous entrepreneurs have already made it big and achieved a breakthrough. Since spring 2018, creative and inventive young entrepreneurs can also draw on this expertise and receive a wide range of support. Founders benefit from SPAR's expertise in the areas of product and design development, quality management, production and marketing and can take advantage of the Austria-wide distribution.

3.1.3. Secure supply of food

GRI 3-3

The COVID-19 pandemic and most recently the Ukraine war highlighted the importance of secure supplies, especially in times of crisis. SPAR's main task as part of the critical infrastructure is to provide the population with sufficient and safe food of high quality. A risk to this social task is posed by delays and failures in the supply chain, as well as staff absences in the company due to illness.

Merchandise logistics in the warehouses in particular proved to be the Achilles' heel of the trade during the pandemic. Due to COVID-19 clusters, larger groups of employees were temporarily absent from individual warehouses during the pandemic. When the usual staff reserves were no longer sufficient to keep the stores supplied, SPAR had to resort to support services from the national armies. To ensure stability in logistics, SPAR has therefore established a mobile response force that can maintain logistics processes across countries in the event of staff shortages. Specially trained employees from all warehouses are dispatched to support an affected warehouse if necessary.

Regional supply chains and the sourcing of food from regional agriculture provide stability in times of crisis, in addition to many other benefits (see chapter 3.1.1). SPAR prefers regional products of the same quality and builds up production in the countries together with regional suppliers.

In order to guarantee sufficient availability of goods in the warehouses at all times without having to keep excessive quantities in stock, SPAR uses semi-automated orders based on artificial intelligence and many years of retail experience. Upcoming promotions are planned in advance. Goods for the stores are ordered semi-automatically, according to the quantities sold, in order to always be able to offer sufficient products without having too much in stock. SPAR uses automated evaluations to check the availability of goods in the stores and wholesalers.

Thanks to efficient logistics and ordering systems as well as a broad network of suppliers and reliable partners in agriculture and production, SPAR was able to ensure that the entire population was constantly supplied with all necessary products last year. Especially for people with low incomes, SPAR offers products from the SPAR brands in the entry-level price segment and donates unsaleable food for distribution to those in need (see Chapter 6.1).

3.2. SPAR products for conscious nutrition



<p>Strategic thrust</p> <ul style="list-style-type: none"> • Assortment & product leadership <ul style="list-style-type: none"> ○ We recognise trends at an early stage (e.g. healthy eating) • Innovation and thematic leadership <ul style="list-style-type: none"> ○ Proactive occupation and further development of topics such as corporate social responsibility, healthy nutrition, organic, convenience, regionality, freshness, etc. <p>Fields of action</p> <ul style="list-style-type: none"> • Less salt in SPAR brands • Food from controlled organic cultivation • Vegetarian and vegan diet <p>Targets</p> <ul style="list-style-type: none"> • Austria: SPAR increases sales and the number of organic products under SPAR brands every year. <p>Contribution to SDGs</p> <ul style="list-style-type: none"> • Goal 2: End hunger, achieve food security and improved nutrition, and promote sustainable agriculture <ul style="list-style-type: none"> ○ 2.2 End all forms of malnutrition by 2030 <p>Key figures</p> <ul style="list-style-type: none"> • SPAR KPI: Annual increase in number (+5%) and turnover (+10%) of own-brand organic products in Austria.
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In SPAR countries, sufficient calorie intake is ensured for the majority of the population. However, adequate nutrition does not equal healthy nutrition. A balanced diet makes an important contribution to general well-being and health. With the right diet, certain diseases can be prevented and the quality of life can be improved. However, people in industrialised countries usually do not eat according to the recommended food pyramid, but tend to eat more calories than medically recommended. Particularly high sugar, salt and fat consumption, but also meat consumption, are a burden on physical health and in some cases also on the environment.

As one of the largest food retailers in all SPAR countries, SPAR has a responsibility not only to provide an affordable supply of staple foods, but also to provide foods that enable a conscious diet based on dietary recommendations from health authorities such as the WHO. More and more customers are paying attention to health aspects of nutrition in addition to enjoyable food. For this reason, SPAR has long offered a wide range of vegetarian and vegan products, deliberately reduces sugar, salt and fat in SPAR brands and has its own brand for conscious nutrition, SPAR Vital. Products under this brand are tested in advance by a scientific advisory board of doctors and dieticians. The product management annually reviews the targets set for the development of the range of organically produced SPAR brands based on the products offered and the sales achieved.

GRI 3-3

In October 2022, SPAR launched the “Initiative for sustainable delights” with Paul Ivić, pioneer of starred vegetarian cuisine. The motives for environmentally friendly nutrition are reflected in the six pillars of the initiative:

- Pillar 1: Use in full and do not waste
- Pillar 2: Healthy soils for healthy food
- Pillar 3: Small manufactories, fair production
- Pillar 4: Nearby: In season and from the region
- Pillar 5: Organic and biodynamic foods
- Pillar 6: Vegan and vegetarian diet



Michelin-starred chef Paul Ivić advises SPAR on sustainable delights, provides tips for sustainable cooking on social media channels and in the customer magazine SPAR Mahlzeit! and supports SPAR in the product development of own brands.

3.2.1. Less salt and sugar in SPAR brands

Slovenia is a pioneer in the conscious reduction of salt within SPAR HOLDING. Since 2018, SPAR has been paying attention to the reduction of salt. More than 68 tonnes of salt were reduced by 2022 and the reduction targets set were far exceeded. The largest share of the saved quantities was accounted for by products from the in-house bakery. When developing new products, SPAR strives to ensure that the salt content is as low as possible.

At SPAR Croatia, INTERSPAR bakeries are reducing the salt content in bread to a maximum of 1.4%, in line with recommendations from international health experts. In total, 56.4 tonnes of salt have been saved in SPAR branded products in Croatia since the end of 2017.

SPAR Austria has followed the good example and checks the possibility of reducing salt in all recipe changes due to sugar or palm oil reduction. However, a savings amount is not calculated for salt.

SPAR also set a target in Austria to reduce sugar in SPAR own brands by 2021, which has been significantly exceeded. Since then, SPAR has continued to monitor the amount of sugar reduced, but without a specific target. Between 2017 and 2022, SPAR was able to reduce the sugar content in 343 items, avoiding a total of 3,075 tonnes of sugar in SPAR products. Sugar was not replaced by sweeteners, but products were made less sweet to slowly "wean" consumers off overly sweet products.

3.2.2. Food from controlled organic production

Organic farming is considered to be more resource-efficient than conventional farming. For example, it is subject to particularly strict criteria on fertiliser and pesticide use and is therefore considered particularly sustainable. Within the framework of the Green Deal and the Farm to Fork Strategy, the EU is therefore planning to increase the amount of organically farmed agricultural land from the current EU average of 8 percent to 25 percent by 2030. In Austria, the share of organically farmed land is already over 25 percent today. Austria thus has the highest organic share in the EU.

SPAR contributed to the success of organic farming, especially in Austria, as early as 1995 with the introduction of the first organic food products under its own brand SPAR Natur*pur. Today, this is the top-selling organic brand in Austria. SPAR has set itself the strategic target of continuing to increase the range and sales of organic products, and in doing so continues to contribute to the expansion of organic farming.

Around 3,600 organic products of all brands are offered by SPAR in Austria, with the SPAR brand SPAR Natur*pur accounting for the largest share. SPAR offers 1,633 organic products under SPAR brands. However, due to inflation, the set targets for organic products under SPAR brands (increase in sales by 10%, number by 5%) could just not be achieved.

SPAR also takes this diversity to the other countries and sells the most popular organic brands from Austrian production there or pushes the cultivation and production of organic products in the respective countries. SPAR Croatia, for example, is the leading retailer in Croatia for organic food and offers around 700 items from organic farming.

In Austria, SPAR intensified its partnership with demeter - the world's oldest organic association – in 2022. With the SPAR Natur*pur baby foods, the first SPAR branded products were labelled as "biodynamically produced". In 2022, SPAR was able to label the first own-brand product with a demeter logo. The range of biodynamic foods with demeter certification comprises 113 products.



SPAR KPI

*SPAR Natur*pur organic apple sauce is the first own-brand product to be labelled with the Demeter logo.*

3.2.3. Vegetarian and vegan diet

Environmental protection organisations have not only recently been calling for increased renunciation of meat consumption in order to comply with the WHO's dietary recommendations and thus also to protect the environment. Europeans eat significantly more animal protein than the World Health Organisation recommends for a balanced diet.



After an intensive development phase, plant-based product innovations are produced at SPAR's own TANN facility.

For the same amount of calories needed for nutrition, animal sources also consume significantly more resources in production than plant foods. For environmental and health reasons alike, SPAR promotes vegetarian diets and launched SPAR Veggie, its own brand for vegetarians, vegans and flexitarians, in 2012. In 2022, SPAR additionally entered the production of vegetarian food and produces guaranteed vegetarian items in addition to meat products at the TANN plant in St. Pölten. The marketing was preceded by several years of product development and the expansion of a separate, physically separated production line. Since the beginning of 2023, seven SPAR Veggie products from its own production can be found in the markets, including vegetarian roasts and vegan cold cuts.

Every SPAR Veggie product has been awarded the V-label of the European Vegetarian Union by the Vegan Society Austria. In total, the SPAR range in Austria includes around 1,230 vegetarian and 2,700 vegan labelled products. SPAR informs about the advantages of a meat-free diet on different channels. For the anniversary of the SPAR Veggie brand, SPAR brought singer Ellie Goulding on board as a testimonial, who has been an avowed vegetarian for many years. She appears as an advertising ambassador in radio spots, posters and advertisements. SPAR Croatia has also placed great emphasis on promoting vegetarian and vegan nutrition in recent years. As part of the Meatless Monday movement, SPAR Croatia offers a 15% discount on all SPAR Veggie products every Monday. The SPAR Veggie line was expanded by 21 products in 2022. SPAR Croatia was the general sponsor of the ZeGeVege Festival - the largest sustainability festival in the region - for the ninth consecutive year in 2022, where SPAR showcased its own SPAR Veggie, SPAR Natur*pur and SPAR Vital brand products. SPAR Veggie products are promoted in cooperation with the animal protection association "Prijatelji životinja". In 2021, the association Prijatelji životinja organised a fair for vegan products on the main square in Zagreb. SPAR also supported the event in 2022 as a partner and exhibited its own vegan products.

3.3. Circular economy

Strategic thrust

- Social Leadership
 - We take social responsibility towards our entire environment: ecology, politics, investors, employees, suppliers, customers, etc.
- Innovation and thematic leadership
 - Trendsetter in shop architecture, shop design, product range design, product presentation, marketing and advertising policy as well as technical equipment.

Fields of action

- Packaging reduction
- Waste prevention, collection and recycling
- Careful handling of food

Targets

- All countries: SPAR increases the share of recyclable packaging to 100% by 2030.
- All countries: SPAR reduces plastic packaging by 20% by 2025 (base year 2020).
- All countries: SPAR will use 20 per cent recycle in SPAR branded food packaging and 100 per cent recycle in non-food packaging by 2030.
- All countries: SPAR increasingly informs consumers about the composition of packaging and - if possible in the respective country - about the correct disposal route.
- All countries: SPAR reduces food waste to the minimum possible and cooperates (where allowed) with social organisations to take over unsaleable food.

Contribution to SDGs

- Goal 12: Ensure sustainable consumption and production patterns
 - 12.5 Significantly reduce waste generation by 2030 through prevention, reduction, recycling and reuse.

SPAR key figures

- **SPAR-KPI:** Percentage of recyclable packaging (key figure can only be collected after definition by national legislators)
- **SPAR KPI:** Proportion of food not sold or donated

The previous linear economic model of produce - consume - throw away is an outdated business model that has led to excessive resource consumption, which is closely linked to climate change. The goal of civil society, politics and sustainably operating companies is therefore to increasingly move from a linear to a circular economic model and to create cycles of raw materials. Politically, these ambitions have been and are being poured into several EU legislative projects. The Circular Economy Package, the Single-Use Plastic Directive, the Waste Framework Directive, the Packaging Regulation, the Green Deal, etc. aim to extend the use phase of products and to preserve as many recyclable materials as possible for reuse or processing after the use phase. Plastic packaging and food waste in particular are the focus of current regulatory initiatives. SPAR, as a retailer and at the same time producer and real estate operator, is affected by these regulations in many ways.

3.3.1. Packaging reduction

Especially for the supply of oxygen-reactive and moist foods such as sausages, cheese but also fruit and vegetables, plastic often has the best properties for safe supply and long shelf life. Plastic packaging has been increasingly used in recent years for good reason. In many cases, they are the most efficient way among various packaging materials to ensure hygiene and durability of food. Plastic reduction is therefore often in conflict with other strategic targets such as preventing food spoilage, automating logistics, offering self-service products or providing ranges for consumption on the go (convenience trend). At the same time, plastic packaging is criticised for its fossil raw materials, poor collection and recycling rates and high littering rate. Despite their important functions for the food trade, there is discussion about reducing or banning plastic packaging. The EU is already setting concrete targets for collection rates and the use of recyclates in PET bottles. By 2029, 90 per cent of PET bottles must be collected in every member state and from 2030 PET bottles must consist of at least 30 per cent recycled material. In 2022, the EU published a first

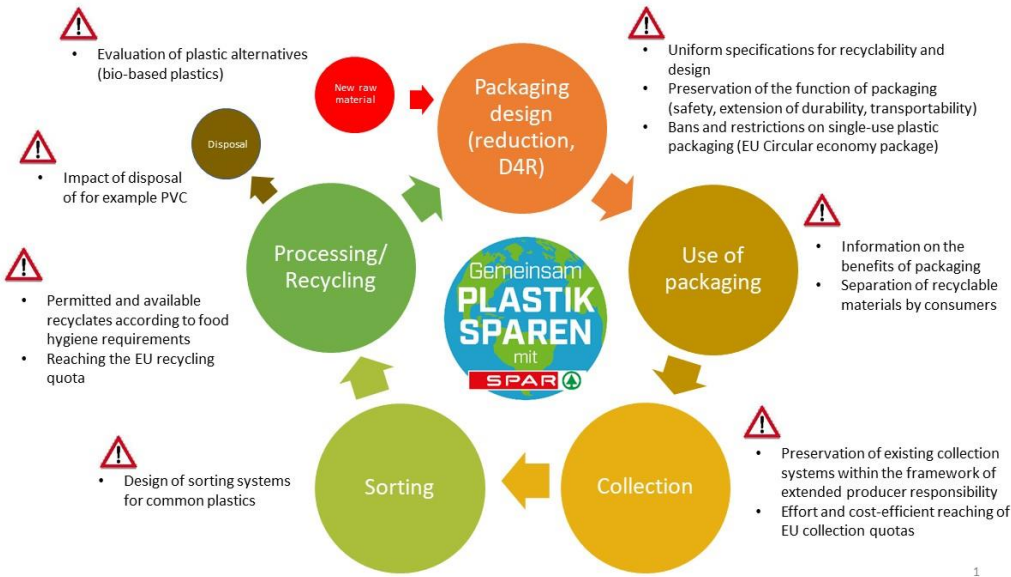
draft of the future packaging regulation, which will set recycling targets and recycle quotas for further types of packaging. SPAR is monitoring these drafts and contributing practical experience to the political process. Overall, recycling quotas are prescribed for all packaging materials, in particular the recycling quota of 55% by 2030 for plastic is challenging.

At SPAR, it is already documented in the consumer declaration of 1971 that SPAR actively strives to reduce the volume of packaging that goes to the household. Since then, SPAR has continuously lived up to this promise to customers and tries to reduce the volume of packaging through avoidance, reduction and recyclability. In order to collect and recycle the packaging put on the market, SPAR participates in extended producer responsibility schemes in all countries. In Austria, SPAR, together with other companies, even co-founded the collection and recycling system in 1993 - Altstoff Recycling Austria (ARA) is today the largest exemption and collection system in Austria.

SPAR tries to solve conflicts of objectives between packaging reduction and necessity through sensible reduction where possible and increasing recyclability. Especially for SPAR brand packaging, SPAR takes on this task and has set itself the following targets:

- By 2030, all packaging of SPAR branded products should become 100% recyclable.
- SPAR reduces plastic packaging by 20% by 2025 (base year 2020).
- To close the loop, SPAR is increasingly using recyclates. SPAR is increasing the recycled content of SPAR branded food packaging to 20% and to 100% for non-food packaging by 2030.
- SPAR is increasingly informing consumers about the composition of packaging and - if possible in the respective country - about the correct way to dispose of it.

SPAR relies on close cooperation with suppliers who bring packaging into circulation, as only a very small proportion of products are manufactured and packaged in SPAR's own production facilities. The target is a circular economy in which necessary packaging is reused or recycled at the highest possible level after its packaging function. To achieve this, SPAR continuously analyses the entire product range and identifies cases where it is possible to dispense with packaging or reusable packaging. SPAR collects recyclable materials generated within the company and recycles them.



Throughout this packaging cycle there are a number of disruptive factors that stand in the way of packaging reduction and recyclability. SPAR is working with other stakeholders in the value chain to identify and eliminate these barriers. SPAR is in intensive discussions with packaging producers, participating in research and development projects for new recyclable packaging and working closely with ARA, the leading collection system in Austria. KPI systems are currently being set up, but due to the lack of a legal definition of recyclability, KPIs are still missing. With the forthcoming EU Packaging Regulation, a uniform definition of recyclability across EU countries is in prospect, which is necessary for SPAR branded products sold internationally.

SPAR packaging strategy in three pillars

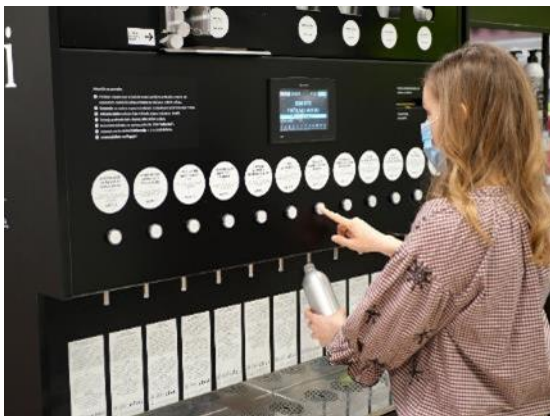
Avoiding

To avoid plastic, SPAR focuses on three areas, which vary from country to country: Service instead of self-service, reusable and loose products.

SPAR offers meat, delicatessen and bread in service in all markets in all countries. Compared to self-service, customers can significantly save on plastic packaging, as SPAR packs food in service in thinly coated paper and paper bags. For customers who want to save on this packaging themselves, SPAR has already created the possibility to bring their own boxes from home throughout Austria and Slovenia in 2019.

For each product, SPAR checks whether packaging is necessary for product protection and labelling. In many cases, for example for labelling organic fruit, a sticker or other labelling such as laser engraving is also possible. In Slovenia, 65 percent of all fruit and vegetables are offered unpackaged or plastic-free. In Austria, the share of completely unpackaged fruit and vegetables is 40% according to the latest survey by the Association for Consumer Information.

SPAR Austria also has the largest reusable beverage offer in the nationwide retail sector. The share of beverages sold in returnable containers is well above the industry average according to Nielsen market data. In every store, SPAR offers at least mineral water, beer, fruit juice and lemonades in glass bottles and yoghurt in jars. In Slovenia, SPAR also offers reusable beverages throughout the country, with the exception of the SPAR city stores, which cannot offer return options due to limited sales space. From 1.1.2024, a mandatory reusable quota will be introduced in Austria, obliging all retailers to offer or sell a minimum number of beverages in reusable containers. SPAR already clearly exceeded the reusable quota in 2022 with 36% reusable share of the beverage volume sold.



In Slovenia, customers can fill their own cleaning and laundry detergents at refill machines in seven INTERSPAR hypermarkets.

For the purchase of food completely without packaging, SPAR in Slovenia has already been offering refill stations for dried fruits and pulses for several years. Together with Odori, a participant in the Startaj Slovenija project, SPAR Slovenia has installed refill stations for cleaning products and laundry detergents in six INTERSPAR hypermarkets. In 2022, another station was added in Celje.

SPAR and INTERSPAR also use filling stations in Austria. Three stations for bio-certified detergents from an Austrian manufacturer can be found in INTERSPAR hypermarkets in Salzburg, Vienna and East Tyrol. 17 filling stations for cereals, nuts, rice and pasta are available to customers in all provinces. They can choose from a range of up to 40 different items, take out the desired quantity and fill it into boxes or paper bags they have brought with them.

Reducing

SPAR reduces packaging necessary for product protection, labelling or marketing to a minimum. In recent years, for example, the PET bottles for SPAR mineral water have become significantly lighter and for many products, such as SPAR mueslis, the packaging has been reduced from cardboard and foil bags to a pure foil bag, thus eliminating over-packaging.

However, eliminating packaging altogether is not possible. Many calls, especially from environmental protection organisations, go in the direction of unpackaged offers as they were found in the supermarkets of the 1940s. However, such a step backwards is not compatible with social development, as much more time and larger shares of household income would have to be spent on essential food purchases, which is no longer available when several household members are working. The filling of goods, for example in the dry assortment, in the market instead of pre-packaging takes significantly longer and requires more staff, which would increase the cost of food. The variety in the range of products that customers appreciate and demand would also be impossible without packaging, and entire product ranges such as soft drinks, confectionery or ready-to-eat snacks could no longer be offered.

The danger with doubts about packaging in principle is that through unreflected avoidance of packaging, the functions that packaging demonstrably fulfils are no longer given. The consequences are sometimes legally critical if, for example, labelling can no longer be applied or would simply restrict the product range significantly. From an environmental point of view, the increase in spoilage without packaging must be questioned. In many cases, packaging is needed to bring goods from production to the household. Packaging protects food from external influences such as light, oxygen



In 2022, the packaging of three tomato products in Austria was converted to 100% cardboard.

or pressure, which cause it to spoil more quickly. Fresh meat in service, for example, has twice the spoilage compared to pre-packaged self-service goods. Organic fresh meat in recyclable skin packaging has significantly reduced spoilage. SPAR regularly tests products to be offered unpackaged and assesses whether packaging is justified by reduced spoilage based on the results. In the case of significantly increased spoilage already in the market, the packaging causes significantly less negative environmental impact in the overall view, as (fossil) resources were also used for the cultivation and fertilisation, transport and storage of otherwise spoiled fruit and vegetables.

However, not all trade-offs can be evaluated by calculations. For example, the replacement of fossil plastics with bio-based and/or compostable plastics is not only an economic evaluation but also an ethical question. This is because bioplastics made from starch or sugar require cultivation areas on which food could otherwise be produced. In addition, biodegradability does not add value to the circular economy, as packaging cannot be recycled and composting does not add value to the soil. The only argument in favour of biodegradable plastics could be the prevention of littering. A project of ECR Austria has been dedicated to the evaluation of these conflicting goals and the creation of a guideline for their solution. Together with science, FMCG manufacturers and retailers, a guideline for prioritising targets in packaging reduction and conversion has been created, which is the basis for the evaluation of new SPAR products for the assortment managers in charge.

Recycling

By 2030, all remaining packaging should be recyclable in order to keep the raw materials in the cycle for as long as possible. To achieve this, SPAR already takes into account the subsequent recycling when designing the packaging. However, detailed data on the composition of all packaging is not yet available, as in most cases SPAR is not the distributor of the packaging and therefore no data on the exact composition of the packaging is available. Furthermore, the necessary, legally binding definition of recyclability is currently still missing, which is however necessary in order to be able to check the recyclability of packaging. This is why SPAR, for example, is participating in the ECR Austria initiative for such guidelines for packaging design. FH Campus Wien, packaging manufacturers, FMCG manufacturers and retailers are working together on the guidelines. The guidelines could become the basis for a legal regulation in Austria. In Austria, SPAR is working with university research institutions to test analyses of recyclability in practice and to build up corresponding data systems.

Conversely, SPAR uses recyclates for new packaging - where this is legally possible. For example, in Croatia and Austria, SPAR already packs salads and cakes under the SPAR tuto bene and SPAR enjoy brands in packaging made from up to 80% recyclate. Plastic bottles are also already made from recyclates, for example the proportion for drinks is also up to 100 RePET. Especially in food contact, the use of recyclate is currently limited to PET due to EU regulations. Other plastics are currently not considered safe for food contact by EU health authorities. SPAR is also monitoring projects ensuring the use as food packaging in a second life. The overriding premise here is that food should not be contaminated by ingredients in the packaging and thus no longer be marketable. This problem currently occurs with recycled paper when mineral oil residues from old printing inks migrate onto the food during longer storage. Therefore, SPAR regularly tests food for such residues to ensure consumer safety.

The collection and recycling rates for plastics are a major challenge for all participants in the packaging cycle. Collection and recycling systems in all countries need to significantly increase their collection and recycling rates; in Austria, for example, a doubling of the recycling rate of plastic packaging is necessary by 2030. Deposit systems, which are currently being discussed or concretely planned in several countries of the SPAR Group, can contribute to this (see chapter 5.3.1).

In order to ensure that packaging can actually be recycled, the correct separation and collection of recyclable materials is required on the consumer side. On many SPAR branded products, the packaging material is marked with the resin

identification codes to make it easier for consumers to separate the materials correctly in the different regional recycling systems. Since 2022, SPAR has been supporting Digi-Cycle, a digital recycling guide from Altstoff Recycling Austria (ARA) and Saubermacher. By scanning the EAN code on the packaging or by searching for the product, users of the app are given specific separation information depending on the region.

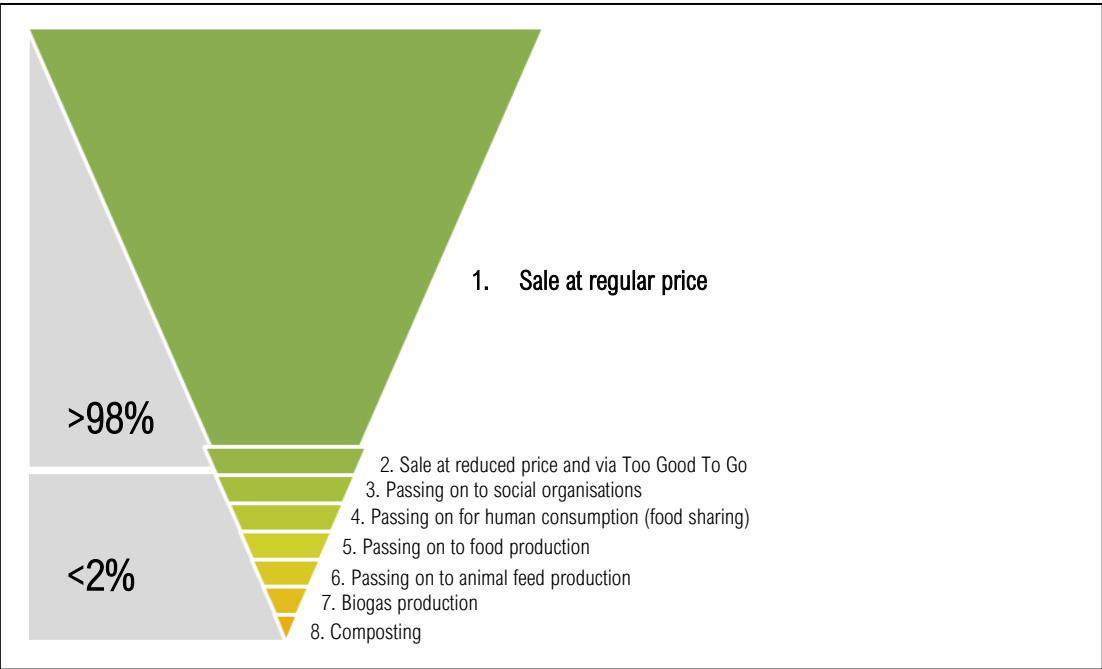
In Italy, specially developed icons have been printed on all SPAR brands step by step since 2018. Since the end of 2020, these disposal instructions have been legally mandatory. In 2021, SPAR Hungary started to display information on the correct disposal of packaging on SPAR branded products to make separation easier for consumers. Pictograms for plastics have already been printed on over 300 products. Since November 2022, own-brand products have been labelled with international pictograms for all types of waste (glass, paper, etc.).

3.3.2. Handling food

Wasting food between the field and the household is not only morally reprehensible, but also from an environmental point of view. The cultivation, processing, transport and storage consume resources that have been spent in vain if this food is not eaten. According to Eurobarometer and FAO estimates, 88 million tonnes of food are not consumed in the EU each year. It causes 170 million tonnes of CO₂ in its life cycle. Most of the food waste in developed countries is found in the rubbish of private households: According to Greenpeace, 42 per cent of food waste in residual and organic waste comes from households, 39 per cent from agriculture, 17 per cent each from processed industry and large consumers, and only 5 per cent from retailers. Food retailers have a relatively small share of waste, but still take numerous actions on SDG 12 "Halve food waste per capita at retail and consumer level and reduce food losses occurring along the production and supply chain, including post-harvest losses." through provisions for longer shelf life, customer information and transfer to social services. At SPAR, only around one to two per cent of the food on offer is not sold. This is because SPAR has put together a comprehensive package of measures to tackle food waste in the retail sector and in households. The key figure for the proportion of unsaleable food in retail is spoilage, which is kept as low as possible. This indicator is regularly analysed by the assortment managers for each individual product and by the sales department in all countries and is part of the evaluation for the continued existence of a product in the SPAR assortment.



Accurate ordering and production



SPAR draws on decades of experience in the retail sector when ordering food. All systems are designed to maintain a balance between available supply as a requirement of consumers and minimising spoilage. One of these systems is automatic quantity determination, an ordering system that calculates the expected quantities needed for stores based

on location and sales data as well as promotions. In 2022, SPAR developed a solution with the company's own IT unit, Microsoft and Paiqo to enable targeted order suggestions and forecasts for all SPAR, EUROSPAR and INTERSPAR locations using cloud-based data and artificial intelligence. Using artificial intelligence, an IT solution analyses data on sales volumes, weather conditions, special offers, marketing promotions, seasonality and other factors to create a precise forecast of the optimal quantity per shop. The integration of the supply chain goes so far that fresh fruit and vegetables are harvested and then delivered based on these forecasts. This means that the quantity needed is always available in the market. Based on sales and spoilage data, this system learns every day.

For bread and pastries, the baking stations, which are available in almost all SPAR, EUROSPAR and INTERSPAR stores, help to produce pastries according to demand. For bread from regional bakers, everyone tries to order as accurately as possible. At the end of the day, only a centrally defined small selection of bread and pastries is baked. Also for fruit and vegetables only individual items are replenished at the end of the day as needed; any remaining goods remain in the refrigerator for the following day.

Storage tests and BBD extension

The best-before date (BBD) is the date until which manufacturers and/or retailers guarantee the quality of the goods and consumers have the right to complain in case of premature spoilage. Retailers are therefore looking for a balance between the longest possible best-before dates for incoming goods in order to have as long a time as possible for sales and a low proportion of complaints if products spoil before the best-before date expires. SPAR therefore regularly carries out storage tests on products that are packed in the stores themselves. This has made it possible, for example, to extend the best-before date of hard cheese by several days and thus reduce the number of markdowns in the store. Many consumers misunderstand the best-before date as an expiry date after which products should no longer be eaten. In these cases, too, an extended best-before date helps to prevent spoilage.

Sale at reduced prices

All SPAR stores sell food with an approaching best-before date and seasonal produce at reduced prices. The usual discount is -25 to -50 per cent for products with a shorter shelf life. The time at which products are sold off depends on the shelf life - fresh products such as milk are sold off a few days before the best-before date, dry goods several days or weeks. SPAR sells off freshly prepared sandwiches in the shop by -25% in the last hour before closing time. These sales make products with a short shelf life even more attractive to customers. Since 2021, SPAR has been working with Too Good To Go in all Austrian SPAR and EUROSPAR shops. Customers can order "surprise bags" for € 4.99 via the app. The bags contain food with a value of at least € 15 shortly before the expiry date. For better orientation for consumers, the bags are offered in the categories of bread & pastries, fruit & vegetables and mixed bags. By the end of 2022, SPAR and INTERSPAR were able to distribute around 1 million surprise bags via this platform. SPAR Hungary has been working with the Munch platform since November 2022. 21 stores participated in 2022 and the offer will be expanded nationwide in 2023.



The surprise bag contains food that is still in perfect condition but can no longer be sold the next day.

Food that can no longer be sold but is still edible is passed on to social organisations at all SPAR locations in Austria and Italy where there is a social organisation, as well as at numerous locations in the other countries (see p. 91).

Waste bread becomes beer



SPAR Slovenia launched the "Food doesn't belong in the rubbish" awareness campaign in 2020 together with the famous Slovenian chef Mark Pavčnik. Pavčnik prepares dishes from food scraps and publishes videos of his recipes. New in 2022, SPAR Slovenia partnered with regional brewery Green Gold Brewing to launch a beer that brews beer from surplus bread from SPAR's own bakery.

Surplus food as animal feed

Farmers are interested in goods that are no longer suitable for human consumption, for example, fruit and vegetables with bruises or baked goods used as animal feed. These farmers collect goods directly from the markets after social organisations. In addition, SPAR in Austria gives old bread to bulk buyers for animal feed production. On average, seven kilos of bread and pastries remain on the shelves at closing time, despite precise planning. On some days, pastries in particular do not last until the next collection day of the social organisations, which visit the markets 1-2 times a week. SPAR therefore collects this bread and pastries in Upper and Lower Austria, Vienna, Styria and Burgenland in the central warehouses and hands them over to a local animal feed producer. In Carinthia, Tyrol and Salzburg, biscuits are also collected centrally and handed over to farmers or agricultural communities. A qualitatively excellent food product is thus preserved in the food cycle. In the ninth province of Vorarlberg, social organisations also collect old bread, which means that there is no need for it to be passed on to animal feed businesses.

3.4. Impact of products on the environment and people along the supply chain

As different as the three divisions of SPAR HOLDING AG are, so are their supply chains and so are the impacts on the environment, living beings and people in the supply chain. In the different countries, SPAR sources products and services from countless suppliers. In retailing in Austria alone, there are around 140,000 different items, from producers in the immediate vicinity of the respective store to international branded products with ingredients from the other side of the world. While regional products from producers as close as possible have priority in the food trade, the international supply chain of sports utensils and textiles relies heavily on manufacturers in the Far East. The supply chain for the construction of shopping centres and locations by SES consists of large and small regional construction companies and trades.

GRI 2-6

All of these products have impacts on the environment and on people who handle them during their production, transport and sale - from the consumption of raw materials for manufacturing, to working conditions in production plants, to the handling of animals needed for food. Impacts can range from deforestation, overfishing of the oceans and loss of biodiversity to human rights violations in factories.

In line with the precautionary principle, which must be observed particularly strictly in the case of food, SPAR only puts products in its range that have been classified as safe for their use. Food, but also, for example, textiles and household items at INTERSPAR are subject to strict legal regulations that are intended to ensure the health and safety of the end consumer and are continuously checked by the company's own quality assurance department.

GRI 3-3

All country organisations of the SPAR Austria Group are completely independent of each other in the design of their assortment as well as their standards and adapt their specifications to regional conditions. The basic principles of cooperation with suppliers, especially suppliers of SPAR brands, are laid down in the purchasing contracts. These require compliance with national environmental laws as well as human rights and international labour standards. Uniform standards across all countries are only established in certain areas where a requirement above the legal level of the countries is necessary for environmental or social reasons or where there are no legal requirements for supplier relationships. With the decision of the EU Corporate Sustainability Due Diligence Directive (CSDD) - the colloquially known supply chain law - a new legal basis for supplier relations will be created, which SPAR will include in its contracts. However, a general standardisation of supply conditions across all countries is neither desired nor planned. Country units can set additional stricter standards for specific product groups such as fish & seafood, cosmetics and textiles.

GRI 2-23

A large part of the SPAR product range is purchased regionally from the SPAR organisations in the respective countries. With these close and direct supplier relationships, SPAR itself can check the quality of products and their impact. These production sites are also located within the EU and are therefore subject to national laws and regulatory controls. Within the EU, compliance with applicable laws can be assumed. Therefore, the supply chain legislation currently under discussion in the EU also focuses on products that are imported into the EU from third countries. For branded products, SPAR cannot trace the exact supply chain and therefore relies on trusted suppliers who comply with the legal and voluntary requirements along the supply chain. For SPAR brands, SPAR relies on risk-based supplier auditing against internationally recognised standards and auditing by accredited auditing organisations. SPAR is building a system to manage certifications and, in the case of SIMPEX, to trace items back to the production site. This is to ensure compliance along the supply chain for all SPAR branded items produced outside the EU. Hervis relies on trustworthy long-term supply partners and purchasing cooperatives within the EU.

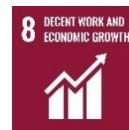
Self-imposed purchasing guidelines above the legal level are checked by each unit itself as part of its own quality and product range checks. For example, the achievement of the set targets to phase out palm oil and the percentage of eggs that do not come from caged hens is checked by SPAR quality management through at least annual product range analyses. The quality management evaluates which conversions have been achieved. The development of the SPAR brands - including the organic brand SPAR Natur*pur - is evaluated annually by the product management. The analysis of the fish assortment is carried out annually by WWF Austria for SPAR. The responsible management board is continuously informed about all developments in the assortment.

GRI 3-3

An essential success factor in the implementation of these purchasing guidelines is the involvement of consumers. Only through their understanding of the measures and the possible delistings or price differences associated with them can such measures be implemented in the long term. SPAR therefore involves consumers through communication and provides information on marketing measures in all available in-house media on corresponding

projects. For example, SPAR has continued in 2022 the "Saving Diversity Together" initiative in Austria, creating a communicative umbrella for existing and new measures in favour of biodiversity (see chapter 3.2.).

3.4.1. Production standards in the supply chain



<p>Strategic thrust</p> <ul style="list-style-type: none"> • Social Leadership <ul style="list-style-type: none"> ○ We take social responsibility for our entire environment: ecology, politics, investors, employees, suppliers, customers etc. <p>Fields of action</p> <ul style="list-style-type: none"> • Local supply with high-quality food • Supply chain and purchasing standards (including quality, production and social standards) <p>Targets</p> <ul style="list-style-type: none"> • All countries: SPAR ensures compliance with all national social and environmental legislation and is establishing systems to trace products from risk countries back to the point of production. <p>Contribution to SDGs</p> <ul style="list-style-type: none"> • Goal 8: Decent work and economic growth <ul style="list-style-type: none"> ○ 8.4 By 2030, gradually improve global resource efficiency in consumption and production and strive to decouple economic growth from environmental degradation. ○ 8.7 Take immediate and effective action to abolish forced labour, end modern slavery and human trafficking, and ensure the prohibition and elimination of the worst forms of child labour and end all forms of child labour by 2025. ○ 8.8 Protect labour rights and promote safe working environments for all workers and people in precarious employment. • Goal 14: Conserve and sustainably use oceans, seas and marine resources for sustainable development <ul style="list-style-type: none"> ○ 14.7 By 2030, increase the economic benefits for Small Island Developing States and Least Developed Countries resulting from the sustainable use of marine resources, namely through sustainable management of fisheries, aquaculture and tourism. • Goal 15 Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, end and reverse land degradation and halt biodiversity loss. <ul style="list-style-type: none"> ○ 15.5 Take urgent and significant action to reduce the degradation of natural habitats, halt biodiversity loss and protect and prevent the extinction of threatened species by 2020. <p>Topics according to GRI</p> <ul style="list-style-type: none"> • GRI 308: Suppliers environmental assessment (2016) • GRI 414: Suppliers social assessment (2016) <p>Key figures according to GRI</p> <ul style="list-style-type: none"> • 308-1 New suppliers that were screened using environmental criteria • 414-1 New suppliers that were screened using social criteria
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With such a large range of products, SPAR has to rely on international supply chains as not all products offered can be grown and produced in SPAR countries or in Europe. Minimum legal requirements vary widely around the world and are not enforced equally strictly in all countries. In particular, consideration for the environment and workers is standard in Europe. As a small buyer of goods from third countries by international standards, SPAR has little influence on international supply chains and the tightening of standards, but nevertheless wants to contribute to compliance with basic environmental and social standards. Therefore, in the general terms and conditions, SPAR HOLDING refers, for example, to compliance with the amfori BSCI Code of Conduct, which is based on the internationally recognised labour standards of the UN International Labour Organisation. These include, among others:

- Prohibition of forced labour
- Avoidance of child labour
- Arrangements against discrimination and harassment

GRI 2-24

- Freedom of association and collective bargaining
- Safety devices
- Remuneration, working hours and holiday arrangements

In the European Union, compliance with these standards is more or less a matter of course and is controlled by the state. In these countries there is therefore a low risk of non-compliance with these ground rules. In countries outside Europe, SPAR refers to the amfori BSCI risk assessment and is building a risk-based audit system also for social and environmental standards. Suppliers to SPAR in Austria are contractually obliged to comply with an internationally recognised social standard such as amfori BSCI CoC, GRASP, SA8000 and/or ISO45001 in their production facilities and to carry out an environmental audit such as GLOBAL G.A.P., ISO50001, ISO14001, BlueSign, EU Ecolabel or EMAS. If no independent certification is available at the time of first delivery, the supplier must commit to comply with these environmental and worker protection measures and obtain certification within one year at the latest. SPAR in Austria requires all food suppliers from risk countries according to the amfori BSCI definition to provide confirmation of compliance with the standard by external auditors. All existing and new food suppliers to SPAR in Austria are continuously assessed against the risk analysis and confirmation of their environmental and social certification is demanded from all suppliers from risk countries. Compliance with these standards is to be ensured on the one hand by external auditors from the certification organisations, and on the other hand by SPAR's own controls, which are already common practice in some product ranges. For example, three own auditors of SPAR's vegetable importer einkäeinregularly carry out unannounced inspections at SPAR suppliers in southern Italy and Spain, focusing on product quality and working conditions, as farms in these regions are repeatedly criticised on suspicion of illegal employment or poor payment of harvest workers. SPAR purchasers themselves regularly visit the banana plantations for SPAR organic and SPAR premium bananas and ensure compliance with Rainforest Alliance and FAIRTRADE standards.

GRI 308-1
GRI 414-1

The SPAR subsidiary SIMPEX, which imports and distributes non-food goods for all SPAR countries, has set up an online tool as part of the "SIMPEX supplier management" project in 2021, in which all SIMPEX articles can be traced back to production and the certifications of the plants are stored. This is also based on a risk classification of the suppliers on the basis of the amfori BSCI country risk classifications. SIMPEX thus provides a comprehensive risk assessment of the suppliers in relation to the actual production countries of the respective articles. In a joint venture with the Metro Buying Group, an INTERSPAR purchasing manager buys these SIMPEX products from Hong Kong directly from Asian production companies and checks the production conditions on site.

SPAR Italy is going beyond these fixed purchasing standards and has been asking suppliers of SPAR brands about their sustainability activities since 2019. For example, the sources of the energy used or the emission standards of the vehicles used to deliver to SPAR are asked. The questionnaire has become part of the supply contracts. In the future, this questionnaire will also be used in the evaluation and selection of suppliers.

3.4.2. Supply chain standards in sports retail

The sports retailer Hervis launched a comprehensive project in 2017 to ensure quality and production standards. In the first step, compliance with clearly defined labour and environmental standards was added to existing compliance obligations in the supply contracts. For all Hervis brand suppliers in the textile sector that have not already been inspected by an international purchasing partnership of Hervis, Hervis continuously checks which environmental and social standards are complied with. Production companies that have not yet been certified in accordance with the Code of Conduct of the Business Social Compliance Initiative, among others, must do so by 2023 at the latest. This medium-term upgrading of suppliers is intended to help encourage long-standing suppliers to make improvements. In the long term, Hervis is planning controls at the level of the production companies.

In 2021, Hervis has also newly included the topic of animal welfare in the purchasing standards of Hervis brands. In addition to the social and environmental standards that have already been required for some time, suitable animal welfare standards such as Responsible Down Standard, GOTS or Responsible Wool Standard will be required in the General Ordering Conditions for all Hervis brand products with animal components.

Responsible outdoor clothing at Hervis

Hervis is working on three points in its product range to make textiles and their supply chain more responsible. Firstly, Hervis has contractually obliged the producers of Hervis brand textiles to comply with environmental and social standards (see above). Secondly, Hervis has set itself the target of eliminating perfluorinated and polyfluorinated chemicals

(PFCs) from Hervis brand textiles by 2025. Thirdly, Hervis is increasingly including clothing made from natural materials in its range.

PFCs are mainly used on outdoor clothing because of their water-, grease- and dirt-repellent properties. However, they are also suspected of being carcinogenic and damaging to reproduction. Hervis has therefore set itself the target of gradually banning PFCs from all Hervis brand clothing by 2025 and pushing ahead with research into new materials that create the properties of functional clothing. The pleasing result: this target has already been achieved for all outdoor and ski clothing since the beginning of 2021, four years ahead of the actual target. Especially with its own brand Kilimanjaro, Hervis pays attention to the use of recycled materials or natural materials, which are not only an ecological alternative to chemical fibres, but also bring with them a multitude of positive properties. That's why Hervis uses fibres with sustainable characteristics for part of the Kilimanjaro collection:

- The viscose fibre of bamboo is particularly suitable for allergy sufferers or people with sensitive skin due to its easy-care but above all antibacterial nature.
- Organic cotton is a skin-friendly and hard-wearing all-rounder that is produced according to organic farming guidelines and standards.
- Recycled coffee grounds are used for environmentally friendly impregnation, they have an antibacterial effect and prevent unpleasant odours.
- Wool from the merino sheep is one of nature's functional fibres that has properties such as moisture regulation and breathability, odour neutrality, natural UV protection and insulation capacity, while being scratch-free, easy-care, anti-static and flame-retardant. Only merino wool is used for the Hervis brands, where mulesing can be ruled out.
- Lyocell, a cellulose fibre made from wood, is a sensible alternative to man-made fibres and at the same time heat-balancing and ideal for allergy sufferers.
- Recycled polyester made from PET bottles, fishing nets and off-cuts requires up to 60% less energy, reduces waste mountains and is also robust and easy to care for.

In order to provide customers with an overview and detailed information on the wide range of materials used, Hervis marks the articles with special hang tags.

2021 saw the launch of Kilimanjaro X Shirts for Life's recyclable T-shirts, which are produced in an environmentally sustainable way and under social conditions. The shirts are made from GOTS-certified organic cotton. The cotton is additionally FAIRTRADE certified, which guarantees fair wages for the cotton farmers and premiums for the smallholder

cooperative. The processing plant is almost self-sufficient thanks to photovoltaics and water treatment. Fair wages are also guaranteed for the seamstresses. Transport and packaging are also designed to be as resource-friendly as possible: The cardboard boxes are made of FSC-certified recycled cardboard, the compostable polybags of maize starch. The finished T-shirts are transported by rail from China via the ancient Silk Road.

3.4.3. Supply chains in the construction of shopping centres

The core business of SES Spar European Shopping Centers is the development, construction and management of shopping centres in six European countries. When developing projects, SES pays particular attention to ensuring that the project area has above-average accessibility by both public and individual transport and that the surrounding area has a correspondingly large potential of customers who can also reach the centre on foot or by bicycle. The parking spaces will be located underground or on the roofs of the centres as far as possible to ensure the lowest possible land consumption.

For the selection of building materials and technical equipment, sustainability is a key criterion; in addition to the preferred selection of renewable materials, the costs of operation (energy, maintenance and repair, cleaning) over the course of a life cycle are also forecast and included in the supplier selection process.

Numerous suppliers are involved in both construction and operation. SES relies on long-standing and respected partner companies for the construction and equipping of the buildings, which have to comply with all legal requirements. Accordingly, the contract awards to participating companies and possible subcontractors have already been formulated, obliging contractors to comply with social, tax and labour law regulations for the entire duration of the contract, in particular those of the Employment of Foreign Nationals Act and the Wage and Social Dumping Prevention Act. For this purpose, the contractors shall submit the relevant documents within a certain period of time. For monitoring under the Employment of Foreign Nationals Act, there is a confirmation sheet with which the contractor guarantees compliance or is requested to submit corresponding evidence. SES maintains a zero-tolerance policy in this regard, checks compliance with regulations through its own construction supervision and through official inspections.

3.5. Biodiversity: Preserving diversity together with SPAR



<p>Strategic thrust</p> <ul style="list-style-type: none"> • Social Leadership <ul style="list-style-type: none"> ○ We take social responsibility towards our entire environment: ecology, politics, investors, employees, suppliers, customers, etc. <p>Fields of action</p> <ul style="list-style-type: none"> • Biodiversity on land and in the sea (e.g. through palm oil reduction in SPAR brands, packaging reduction, animal welfare, responsible fish assortment, etc.). <p>Targets</p> <ul style="list-style-type: none"> • All countries: SPAR bans palm oil from all SPAR brands. • All countries: SPAR bans fresh eggs from caged hens in all countries by 2025. • Austria: SPAR maintains a 100% responsibly sourced fish range according to WWF Austria's assessment. • Austria: Steady increase in organic assortment by number and turnover. <p>Contribution to SDGs</p> <ul style="list-style-type: none"> • Goal 14: Conserve and sustainably use oceans, seas and marine resources for sustainable development <ul style="list-style-type: none"> ○ 14.7 By 2030, increase the economic benefits for Small Island Developing States and Least Developed Countries resulting from the sustainable use of marine resources, namely through sustainable management of fisheries, aquaculture and tourism. • Goal 15 Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, end and reverse land degradation and halt biodiversity loss. <ul style="list-style-type: none"> ○ 15.5 Take urgent and significant action to reduce the degradation of natural habitats, halt biodiversity loss and protect and prevent the extinction of threatened species by 2020. <p>Topics according to GRI</p> <ul style="list-style-type: none"> • GRI 403: Biodiversity (2016) <p>Key figures according to GRI</p> <ul style="list-style-type: none"> • 304-2 Significant impacts of activities, products and services on biodiversity

The diversity of life on earth is essential for the preservation of humankind. A multitude of useful plants and animals feed humans and the flora is of immense importance for the climate. However, this biodiversity of plants and animals is threatened by overexploitation, climate change, habitat restrictions and chemical substances. The EU Commission describes the loss of biological diversity and the collapse of ecosystems as two of the greatest threats to humanity in the next decade. The community of states has therefore set itself the target of taking measures to preserve biodiversity. In 2020, the EU published its biodiversity strategy for the next ten years. Without the preservation of biodiversity, the loss of its important services for humanity is imminent. Conserving biodiversity is therefore not just about protecting species and habitats. Rather, it is about preserving nature's ability to permanently provide those goods and services on which we depend for our existence and whose loss would cost us dearly. For the food trade, this dependence is particularly evident when, for example, pollination services can no longer be provided by insects. Many farmers' harvests depend on insects pollinating the plants. It is estimated that the economic value of insect pollination in the EU is €15 billion annually. Around two thirds of food depends directly or indirectly on plant pollination by bees and would otherwise not be available at all or only in low quantity and quality. However, due to climate change, pesticide use, diseases and less natural habitat, the (wild) bee population has drastically decreased and is severely threatened. Similarly, the future supply of fish and seafood goes directly hand in hand with their availability. If fish stocks continue to be overfished, they will lose their ability to reproduce and will no longer be available for future generations of consumers. SPAR has therefore been implementing measures that contribute to the conservation of biodiversity for



Under the title "Let's preserve diversity together", SPAR is bundling previous measures for the preservation of biodiversity and creating new initiatives.

GRI 3-3

many years. In particular, SPAR supports the three EU priorities mentioned above by expanding the range of organically grown food, by campaigning against harmful pesticides such as glyphosate and by supporting the local bee population.

In Austria, SPAR has bundled these and other measures into its own biodiversity focus, which was continued in 2022. The six pillars of this focus include:

- Promotion of the bee population
- Banning of glyphosate
- The expansion of varietal diversity
- Protecting marine biodiversity
- Preservation of old animal breeds
- Expansion of organic products



The happy winners of the Diversity Award, which is awarded for pre-scientific work on the topic of biodiversity.

In order to raise general awareness of the SPAR biodiversity project among the particularly interested target group of young people, SPAR in Austria has launched the "SPAR Diversity Award" in 2022. The award is given to high school graduates for their pre-scientific work on various biodiversity topics. One award was distributed per federal province with prize money of 300 euros each and an urban gardening package with SPAR- branded products.

3.5.1. Promotion of the bee population

Honeys in food retail are often imported, partly from the largest honey export countries China, Argentina or Mexico, as the required quantities from domestic production are not sufficient. SPAR Austria is continuously increasing the share of domestic honeys through cooperation with domestic beekeepers, including Austria's largest organic honey producer "BeeLocal", which operates around 7,000 hives at 500 locations. Regional honeys are also available under the SPAR brand in all markets - with the name and photo of the local beekeepers as proof of the honey's origin.

GRI 304- 2

In addition, for many years there have been beehives at numerous SPAR and SES locations, whose inhabitants find sufficient foraging meadows in the surrounding area. In 2022, numerous bee colonies have found a home on the roofs of SPAR and INTERSPAR supermarkets, for example 20 bee colonies at the SPAR supermarket on Floßlendstraße in Graz or 15 bee colonies at INTERSPAR Wienerstraße in Graz.

In 2021, SPAR founded its own Bee Council. The Bee Council is intended to give the bee a voice, with experts from science and practice contributing to saving bees and promoting the bee population. On the agenda are initiatives such as the fight against the use of glyphosate, the development of habitats for bees and information campaigns on bee health. Furthermore, the Bee Council accompanies the initiative "Saving Diversity Together" and supports it with expertise. In 2022, the Bee Council met twice and discussed topics such as the glyphosate ban, insect-friendly lighting at SPAR, bee research at the University of Graz and the OrganicBeeApple project of Frutura.



The members of the Bee Council are (from left to right) Greenpeace CEO Alexander Eggit, beekeeper chairman Stefan Mandl, SPAR Board member Markus Kaser, ARCHE NOAH CEO Bernd Kajitna, bee researcher Robert Brotschneider from the University of Graz and Frutura CEO Katrin Hohensinner.

3.5.2. Preserving old varieties



Seasonally, SPAR also stocks seedlings and seedlings of old varieties.

Since 2012, SPAR in Austria has been working with the Arche Noah association, which is dedicated to the preservation of crop diversity. The common target is to contribute to the protection and continuation of crop diversity and to revitalise rarities from days gone by. The industrialisation of agriculture and seed monopolies have contributed to the loss of around three quarters of all cultivated plants worldwide over the past 100 years, according to estimates by the Food and Agriculture Organisation (FAO). Genetic engineering and climate change have done the rest. This is why SPAR has been offering seeds and plants of old varieties for all hobby gardeners since 2012.

GRI 304-2

Every autumn, the assortment is supplemented with rare onion varieties and the fruits of old tomato plants from the "Paradaiser Emperor" Erich Stekovics as well as the old Austrian apple variety "Kronprinz Rudolf" under SPAR's own brand SPAR wie früher.

SPAR Slovenia also launched the "SPAR kot nekoč" ("SPAR as it used to be") project in 2017 and has been steadily expanding it ever since. SPAR works with the Agricultural Institute of Slovenia to continuously bring new Slovenian fruit and vegetable varieties out of their slumber in the Slovenian seed bank. In 2022, a sufficient quantity was harvested for the first time to offer them in all Slovenian SPAR stores.

3.5.3. Palm oil renunciation for SPAR brands

Palm oil is one of the most widely used vegetable fats and, due to its properties, is contained in many food and consumer products. But palm oil has become synonymous with environmental destruction: 27 million hectares of rainforest², an area about three times the size of Austria, have already fallen victim to the huge industrial oil palm monocultures. People as well as animals have lost their habitat and biodiversity has been destroyed in these regions. Environmental organisations have been warning for years about the considerable negative consequences of palm oil cultivation for our environment. A Greenpeace study³ also pointed out the potential health risks. As a responsible company, SPAR has consistently avoided palm oil in the past wherever possible. In the interest of the health of its customers, SPAR has decided to avoid palm oil in food products of SPAR brands as far as possible. In Austria and Hungary, 99 per cent of all SPAR brand food products are completely free of palm oil. All products of the SPAR brand lines SPAR PREMIUM, SPAR Natur*pur, SPAR Vital, SPAR free from, SPAR Veggie, and SPAR Feine Küche are completely free of palm oil. In Austria and Hungary, all SPAR brands with the exception of S-BUDGET, SPAR enjoy and SPAR Quality Brand are free from palm oil.

GRI 304-2

SPAR also has its own logo on products to indicate that palm oil is not used. In Austria, 56 SPAR branded products currently contain palm oil, in which the substitution is not yet technically possible. SPAR will continue to work intensively to convert these remaining SPAR branded products. There are currently still some challenges to overcome, such as a shorter shelf life with alternative oils or losses in taste and quality. However, SPAR Quality Management is working hard to find ways and options to eliminate palm oil from these few remaining products.

3.5.4. Austria's most responsible fishmonger

Already since 2011, SPAR in Austria has been pursuing a programme to switch its entire fish assortment to controlled and responsible catch or to responsible farming. Together with WWF Austria, a purchasing policy was launched in 2011 that prohibits the sale of endangered species as well as fish from unknown origins. Since then, the SPAR fish assortment has been successively switched to more responsible sources and assessed annually by WWF Austria.



GRI 304-2

Ten years after the first edition of the SPAR Fish Purchasing Policy, it has been renewed in 2021 together with WWF. SPAR still commits itself to only stock fish from traceable and legal fisheries that are not on the red list of endangered

² <https://www.regenwald.org/themen/palmoel/fragen-und-antworten#start>

³ Greenpeace Market Check Palm Oil, Sept. 2017

species. Some new criteria have been added. For example, no forest conversion may have taken place in shrimp farms after 1999, because this affects valuable mangrove forests in particular. All fish products that bear an MSC or ASC label are also newly inspected back to the catching vessel and aquaculture. Traceability is ensured through certification, but the WWF's criteria are stricter in assessing sustainability. Therefore, every MSC and ASC product in the SPAR range in Austria is also checked by WWF Austria.

The very pleasing result of the last audit at the end of 2021 was that all fish products of the SPAR brands were responsibly caught or farmed (yellow or green rated). Of all the 700 or so fish and seafood products on offer in fresh, frozen, chilled, canned and their shares in processed products including branded products, 99 per cent are from responsible sources. This result requires continuous adaptation to naturally changing fish stocks and intensive cooperation between fisheries, WWF Austria and SPAR Purchasing. Marine biologists continuously monitor fish stocks worldwide and assess fishing areas and methods. The WWF then recommends adjustments to the product range. The next review will take place in 2023.

The focus of 2022 was to expand the fish purchasing policy to other countries. The target is to also enter into cooperation with the regional WWF organisations in the remaining countries and to have the assortment checked accordingly.

3.5.5. Commitment to transparency in new breeding techniques

As a founding member of ARGE Gentechnik-frei, SPAR has been campaigning for clear labelling of GMOs for the past 25 years. Consumers have a strong interest in knowing how their food was produced. Therefore, they also want to know whether genetic engineering methods were used for breeding. In Austria, SPAR offers about 1,480 articles that have been labelled as GMO-free. In Slovenia, SPAR also uses the logo "Brez GMO" to label GMO-free food. A discontinuation of this labelling or a softening of the labelling would lead to uncertainty among consumers.

SPAR is campaigning through support for open letters to the EU Commission and public statements that deliberate and targeted changes to the genetic make-up of plants fall under the Genetic Engineering Regulation and must therefore be labelled. This opinion of SPAR was also shared by the European Court of Justice in Strasbourg in 2018, which classified mutagenesis processes as genetic engineering. Since then, a wide range of institutions and organisations at national and European level have been lobbying for a softening of the genetic engineering legislation, and an exemption of "new breeding techniques" from the European genetic engineering law. SPAR supports the frequently expressed consumer wish that genetically modified plants should not be allowed to land on the plate without the consumer's knowledge and that products produced with the help of "new breeding techniques" should also be labelled as genetically modified. Otherwise, consumers will lose all confidence in GMO-free products and thus also in domestic organic production. With mutagenesis techniques, the genetic material of plants can be specifically altered and thus, for example, pesticide resistances can be artificially created in the same way as with previous genetic engineering. The result can be increased pesticide use, such as in soy and maize cultivation in America, with massive environmental consequences and loss of biodiversity.

3.5.6. Regional soy

It is impossible to imagine pig fattening without soya, but it is also indispensable in egg production and as a basic ingredient for many plant-based foods. The important supplier of high-quality protein is already widely cultivated in the Danube region, but large quantities have to be imported due to the high demand. Especially in South America, where genetically modified soy is cultivated in monocultures using glyphosate, ecologically valuable rainforest or savannah areas are used for soy cultivation. Most of the soy grown in North America is also genetically modified. In Austria alone, about 500,000 tonnes of soy are imported annually, most of it from genetically modified production.

GRI 304-2

In order to become less dependent on soya imports in the future, thus reducing the environmental impact in South America and minimising transport, SPAR supports the promotion of European soya production. SPAR is therefore a co-initiator of the Danube Soya Association, which strengthens self-sufficiency in protein feed in the Danube region and in Europe and carries out development work for soya production in Eastern Europe. This strengthens agriculture and builds up small-scale supply structures.

The soya grown in the Danube region is fed to SPAR suppliers and contract farmers, for example, to pigs in the "TANN schaut drauf" programme and to laying and broiler chickens. Only Austrian soya is used for SPAR Veggie Tofu in various varieties and for SPAR Natur*pur and SPAR Vital soya drinks. In Austria, the conversion of all laying and broiler chickens as well as dairy cows to European soya feed has been achieved in an industry solution. In the case of pig fattening, conversion is much more difficult, although SPAR has been advocating this for several years. The difference to eggs and chickens, however, is that pigs are not completely consumed in Austria, but large parts are exported. In the exporting countries, the additional financial expenditure for the regional soya feed is not compensated, so the additional price would have to be added to the parts consumed in Austria. The price increases would not be reflected in consumer prices at present, as domestic pork would thus be significantly more expensive than imported meat. Since not all Austrian traders, like SPAR, have committed themselves to selling only domestic pork, this would lead to a market distortion and an increased import of pork from countries with lower production standards. This would help neither the environment nor domestic agriculture.

With Donau Soja, compliance with future verification obligations under the EU Deforestation Regulation can also be met, as all soy deliveries are traceable to the cultivation field through the Donau Soja system and guaranteed free of deforestation according to the EU definition.

3.5.7. Animal welfare

SPAR's purchasing standards also include compliance with established animal welfare standards and regional legal husbandry conditions. In a country comparison, standards in Austria are the highest, but SPAR has also set itself the target of animal welfare standards above the legal minimum standard in the other countries.

Ban on caged eggs

The keeping of laying hens in conventional cages has been prohibited by law throughout the EU since 2012, but keeping in "enriched" cages and small groups is still permitted. A general ban on cage rearing is currently being discussed at EU level, but such a regulation is not expected to come into force before 2026 and with transitional periods. SPAR will be much faster in changing its product range. By 2025, all SPAR countries aim to ban fresh eggs from caged hens from their product range. Fresh eggs in all SPAR countries will be purchased locally in the respective country. So far, laying farms outside Austria have not been able to supply sufficient quantities of eggs from better farming conditions for a nationwide supply. Therefore, SPAR is continuously reducing the quantities of caged eggs purchased within the transition period until 2025 in favour of better husbandry methods. In Austria, SPAR has not sold caged eggs since 2006 and in Slovenia since 2020. In Hungary, egg producers are currently converting to free-range systems in response to demand from SPAR, and free-range eggs have been available at SPAR since the end of 2019. However, the demand for eggs from alternative farming systems is not yet as strong in Hungary as in other countries. Around 36 per cent of fresh eggs currently come from alternative farming systems to cage rearing. At SPAR Croatia, the share of caged eggs could be reduced to 51% in 2022. At the same time, the demand for free-range eggs is increasing and with it the share of sales by 3%. This is due to the increasing awareness of animal husbandry among the population. The range of free-range eggs of the SPAR brand "Vrtovi Hrvatske" ("From the Gardens of Croatia") has been expanded regionally.

The acceptance of customers will be crucial for further conversion in all countries. SPAR offers barn, free-range and organic eggs in all countries, but a complete phase-out of caged eggs can only be achieved if there is sufficient demand from consumers. In Austria, no eggs from caged hens are processed for SPAR brand products.

Ban on chick killing

Chickens have been trimmed for efficiency in the past decades with two breeding targets: High egg production in laying hens or fast weight gain in fattening poultry. For fattening, female and male chicks are raised. However, male chicks are not useful for egg production; due to the special breeding they put on relatively little meat, which also makes them of limited use for fattening. Brothers of laying hens are usually killed after hatching. For ethical reasons, this killing is criticised. At EU level, corresponding bans on chick shredding are under constant discussion.

In the organic segment, all Austrian traders agreed on an industry solution with the breeding farms in 2016. Since then, male organic chicks have been raised together with broilers. These cockerels are available in small quantities in whole in the trade and are otherwise processed into poultry sausage and the like. Since 1.1.2022, the killing of day-old chicks has been generally prohibited in Austria, in contrast to Germany, however, with one major exception: chicks may still be killed for use as animal feed. These young cockerels are usually stunned by slowly increasing the CO₂

level and killed by lack of oxygen. Live shredding, as scandalised in the media under the title "chick shredding", is not compatible with the Austrian Animal Welfare Act and has therefore not been applied so far.

SPAR welcomes this exemption and supports such a regulation also at EU level for two main reasons: Raising male chicks does not make economic and ecological sense, as the feed input is disproportionate to the quantity and quality of meat achieved. And secondly, there is a high demand for day-old chicks in zoos etc. 16 million day-old chicks have so far been imported to Austria for this purpose, to a large extent from abroad, as there were no logistics for domestic hatcheries to supply them. By using Austrian chicks for feeding, a sensible use has been found for these creatures, which would otherwise have been reared after a few weeks with an enormous expenditure of resources and also slaughtered.

Increase in animal welfare for AMA pork in Austria

SPAR's own TANN Fleischwerke exclusively process Austrian beef and pork. Compared to other countries, the legal basis for animal husbandry in Austria is already the strictest. Building on this, SPAR runs programmes with even stricter animal welfare specifications. Raw pork and beef in SPAR stores are labelled with the AMA quality seal. This guarantees compliance with specifications for the administration of medication and the strict Austrian animal welfare laws through external controls, but so far does not go beyond the legal basis. In 2021, the AMA law was revised and measures were introduced that will go beyond the legal level:

- Since 2022, AMA pigs have 10% more space than at the legal minimum level.
- By 2026, breeding farms will also be included in the quality label and must fulfil the AMA requirements.
- By 2030, 1 million pigs (out of about 2.5 million raised annually in Austria) are to come from organic or AMA animal welfare farming.
- By 2030, the import of overseas soy for pig feed is to be reduced by 50%.
- From 2033 onwards, full slatted floors will be prohibited in the AMA Quality Seal. From now on, new barns will only be promoted if they have perforated floors on a maximum of 40% of the area.

SPAR welcomes the gradual increase in animal welfare requirements as this will allow farms to adapt within a realistic timeframe.

In addition, SPAR in Austria has spoken out in favour of clear farm labelling on the product. On animal products - starting with fresh meat - consumers should be able to clearly see whether the animals were raised under legal minimum, animal welfare or organic standards. Uniform criteria and labelling at all traders will enable consumers to make a more informed choice when buying animal products. In 2022, the basic proposals for criteria and labelling of animal husbandry were developed; in 2023, the governance of the labelling body will be further developed and, if possible, the first pilot projects will be launched.

In general, SPAR in Austria has committed itself to offering only domestic pork, beef and veal and has kept this promise for over 25 years. In each case, organic quality and meat from improved animal welfare husbandry is also offered. In the case of chicken, SPAR in Austria sells over 90 per cent domestic quality meat that bears at least the AMA seal of quality. For some items, meat from Italy or Germany is also offered; this share is less than 10 per cent. In addition, SPAR in Austria has introduced the "SPAR schaut drauf" ("SPAR looks after it") programme for poultry in 2019, which, among other things, specifies at least 20 per cent more space than legally required, fresh air access and a maximum transport time to the slaughterhouse of six hours. SPAR does not offer geese from stuffed fattening or geese that have been plucked alive. All geese at SPAR in Austria are controlled free from live plucking and stuffing. SPAR also generally does not offer rabbits from breeding, as these cannot be kept in a species-appropriate manner.

Animal welfare in textile products

Textiles are offered in larger grocery stores as well as at Hervis. Parts of them can be made from animal raw materials for which special animal welfare standards are applied. SPAR, INTERSPAR and Maximarkt in Austria, SPAR Slovenia, SPAR Croatia, SPAR Hungary and Hervis do not use any real fur in textiles.

Hervis has laid down animal welfare standards for Hervis brand products in its purchasing guidelines: Hervis does not stock real fur, no down from live plucking and ensures that merino wool is produced without mulesing.

3.5.8. Ban on glyphosate

SPAR continues to campaign strongly for a definitive ban on glyphosate. The pesticide has been classified as a probable human carcinogen and has a massive impact on biodiversity as its purpose is to kill weeds in fields. SPAR, together with the environmental organisation Greenpeace, is therefore campaigning for a ban on glyphosate throughout the EU.

GRI 304-2

SPAR has already taken action in its own product range. For example, SPAR specifies zero tolerance for glyphosate in fruit and vegetables sold in Austria under SPAR brands and regularly inspects fruit grown in Austria and abroad to ensure it is free of residues. On SPAR properties, contracted landscape managers are strictly prohibited from using glyphosate. Instead, alternative crop protection methods are to be promoted. In 2022, the current EU exemption for glyphosate expired, so SPAR, together with established NGOs, is again stepping up its advocacy for an end to this glyphosate approval.

3.6. Quality standards for products

<p>Strategic thrust</p> <ul style="list-style-type: none"> • Assortment & product leadership <ul style="list-style-type: none"> ○ We advocate high quality and competence in freshness. ○ Our SPAR brands are the most attractive in the industry and offer the best value for money. • We have a quality image among our customers that is above the industry average. <p>Fields of action</p> <ul style="list-style-type: none"> • Supply chains and purchasing standards • Quality standards for products • Protection of customer data <p>Targets</p> <ul style="list-style-type: none"> • All countries: SPAR keeps the number of product recalls due to health risks at a consistently low level. <p>Topics according to GRI</p> <ul style="list-style-type: none"> • GRI 416: Customer health and safety (2016) <p>Key figures according to GRI</p> <ul style="list-style-type: none"> • 416-1 Assessment of the health and safety impacts of different categories of products and services • 416-2 Violations related to the health and safety impacts of products and services
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Quality and safety of the products offered are the basis of customer requirements in all SPAR business areas. A breach of these requirements can result in damage to the health of individual customers as well as major damage to the image of the SPAR brand. SPAR therefore sets high standards for quality control of all products and services.

GRI 3-3

Safety includes health safety as well as the safe use of products. The SPAR quality standards are based on the legal requirements in the respective country in which the products are sold. The SPAR standards for certain product groups go beyond these standards for ingredients or processing, or make regulations where legal requirements are lacking. For example, SPAR sets stricter limits for glyphosate in fruit and vegetables sold under SPAR brands in Austria and regularly inspects fruit grown in Austria and abroad as well as that processed products are free of residues. SPAR has defined such quality criteria for numerous product groups, such as fruit and vegetables or for SPAR brands such as SPAR Natur*pur, and has set out compliance with these criteria in separate agreements with suppliers. Regular checks of the products and additional random checks based on a risk analysis ensure compliance with these requirements.

All SPAR branded food must either be produced in a company certified to an international food safety standard (such as IFS food, BRCGS food or FSSC22000) - or pass an annual audit based on SPAR's own quality programme. All textiles at SPAR and HERVIS must comply with all EU quality criteria, such as the REACH regulation. In addition to these own requirements, SPAR also uses internationally established programmes that ensure traceability and (basic) standards. These include FAIRTRADE, Rainforest Alliance/UTZ, Non-GMO, Organic and many more.

GRI 416-1

A relatively new topic in connection with security is data protection. For services offered such as customer magazines, loyalty cards in Hungary and Slovenia or online sales, SPAR sometimes processes sensitive customer data. SPAR also sets high standards for its security and adapts early to new legal frameworks such as the EU General Data Protection Regulation. Own data protection compliance officers check the adherence to the set standards and review possible lapses.

3.6.1. Established quality management for SPAR brands

As part of its own quality management, SPAR regularly tests the SPAR brands for quality and compliance with the compositions agreed with suppliers. The SPAR Quality Management team in Austria carries out its own tests of the products for shelf life, composition and ingredients and also commissions external laboratories to carry out tests. In total, over 5,000 products were closely examined in Austria in 2022. The products to be analysed are selected on the basis of risk assessments and regular random samples from different assortments. In addition to product analyses, the scope of quality management inspections also includes visits to production facilities to check, for example, compliance with working conditions or the animal husbandry conditions defined by SPAR, e.g. for laying hens. In Hungary, Slovenia, Croatia and Italy, over 4,100 products/own brands were tested.

GRI 3-3

SPAR is not only a retailer, but also partly a producer of high-quality food. In a total of eight TANN meat plants, the REGIO coffee roasting and tea packaging plant and SPAR's own winery WEINGUT SCHLOSS FELS, high-quality food is produced according to internationally recognised standards. The six TANN meat plants in Austria and in Biske (Hungary) operate according to international hygiene and food safety standards as per ISO 22000. The new meat plant in Monselice (Italy) as well as the plant for convenience products in Üllő (Hungary) were certified in 2022, the new meat plant in Perbál (Hungary) in 2023. REGIO is certified according to IFS Global Markets Food V2.

The aim of these standards and investigations is to ensure that the product range is as safe as possible and to identify defective batches in order to be able to recall products and thus protect consumers from consuming them. Key figures for the quality of products are therefore, on the one hand, the results of the investigations carried out and the resulting possible public product recalls due to health hazards. In 2022, SPAR HOLDING recalled a total of four articles in several countries, in addition to three articles in Austria, three articles in Croatia, two articles in Slovenia, one article in Italy and three articles in Hungary, thus warning against their use. The products were immediately withdrawn from sale for the safety of customers. There were no relevant penalties due to health hazards. Compared to the previous year, when 31 products were recalled, there was a decrease.

GRI 416-2


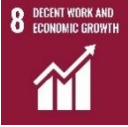


EMP

Being part of the SPAR family means: finding the right job among a wide range of career opportunities, flexible working hours, pursuing career paths while being supported, team spirit and much more. Whether in the more than 2,000 SPAR, INTERSPAR or Hervis stores in eight countries, in the regional headquarters or in the SES shopping centres: As the largest private Austrian employer and one of the largest employers in Central Europe, SPAR HOLDING offers secure, modern jobs in an exciting environment with a diverse team.

EES

4.1. Employment in the SPAR Group

<p>Strategic thrust</p> <ul style="list-style-type: none"> • Social Leadership <ul style="list-style-type: none"> ○ We are the most attractive employer. ○ All employees are accepted in their dignity and uniqueness. <p>Fields of action</p> <ul style="list-style-type: none"> • Employee health • Additional benefits for employees <p>Targets</p> <ul style="list-style-type: none"> • Austria: More than 80 per cent of employees recommend SPAR as an employer according to the employee survey. <p>Contribution to the SDGs</p> <ul style="list-style-type: none"> • Goal 5 Gender equality <ul style="list-style-type: none"> ○ 5.5 Ensure women's full and effective participation and equal opportunities in leadership roles at all levels of decision-making in political, economic and public life. • Goal 8: Decent work and economic growth <ul style="list-style-type: none"> ○ 8.5 Achieve full and productive employment and decent work for all women and men, including young people and people with disabilities, and equal pay for work of equal value by 2030. <p>Topics according to GRI</p> <ul style="list-style-type: none"> • GRI 401: Employment (2016) • SPAR KPI: Employee survey <p>Key figures according to GRI</p> <ul style="list-style-type: none"> • 2-7 Employees • 401-1 New employee hires and employee turnover • SPAR KPI: Participation in employee survey 	 
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In food retailing with service and sports retailing, advice from well-trained and motivated employees is essential for long-term business success. Similarly, well-trained employees are essential for the operation of shopping centres. The number of potential employees available is decreasing in all countries due to demographic developments. Fewer employees of working age are confronted with more demand for employees in different sectors. Thus, there is increasing competition between employers for employees.

The SPAR Group tries to maintain and improve its **attractiveness as an employer** with various programmes. The aim is to find the right employees for open positions, retain suitable employees and attract new employees through positive word of mouth. Measures to contribute to attractiveness include fair pay, flexible working hours, employee representation, health initiatives and voluntary benefits such as events, shopping benefits or anniversary bonuses - positive impacts on the people in the countries where SPAR operates. Overall, these programmes, which all contribute to SPAR's employer branding, are designed to increase SPAR's attractiveness as an employer in order to find and retain enough qualified and motivated employees to work for SPAR in the future. One of the key indicators of attractiveness as an employer is employee turnover, which is measured on an ongoing basis. Feedback on employee satisfaction is provided to SPAR management through the group-wide employee survey which takes place every three years (see chapter 4.1.3).

GRI 3-3

As of 31 December 2022, over 76,000 employees were employed by SPAR, an increase of over 1,000 people compared to the end of the previous year.

GRI 2-7

GRI 2-7 Employees

	2022	2021	2020	% 2022 ¹⁾
Total employees (headcount)	76.174	75.161	74.048	
According to gender				
female	54.682	54.242	53.426	72%
male	21.492	20.919	20.622	28%
divers/others	0	n/a	n/a	0%
According to regions				
Austria	41.155	40.795	40.290	54%
Hungary	14.765	14.530	14.526	19%
Italy	8.902	8.680	8.539	12%
Slovenia	5.484	5.376	5.214	7%
Croatia	5.109	4.852	4.708	7%
Romania	641	567	465	1%
Czech Republic	0	261	206	0%
Germany	118	100	100	0%

GRI 2-7 Time limit of employment relationships

	2022	2021	2020	% 2022 ¹⁾
Permanent staff	73.287	72.251	71.299	96%
According to gender				
female	52.508	52.238	51.630	69%
male	20.779	20.013	19.669	27%
divers/others	0	n/a	n/a	0%
According to regions				
Austria	41.155	40.795	40.290	54%
Hungary	14.205	13.994	13.780	19%
Italy	7.926	7.796	7.757	10%
Slovenia	5.210	4.977	4.946	7%
Croatia	4.047	4.001	3.889	5%
Romania	626	416	372	1%
Czech Republic	0	172	165	0%
Germany	118	100	100	0%
Temporary staff	2.887	2.910	2.749	4%
According to gender				
female	1.977	2.004	1.781	3%
male	910	906	968	1%
divers/others	0	n/a	n/a	0%
According to regions				
Austria	0	0	0	0%
Hungary	560	536	746	1%
Italy	976	884	782	1%
Slovenia	274	399	268	0%
Croatia	1.062	851	819	1%
Romania	15	151	93	0%
Czech Republic	0	89	41	0%
Germany	0	0	0	0%
Employees with non-guaranteed working hours	0	0	0	

1) Percentages in each case in relation to the total number of employees 2022

GRI 2-7 Scope of employment relationships

	2022	2021	2020	% 2022 ¹⁾
Full-time appointments	48.996	48.180	46.902	64%
According to gender				
female	31.106	30.540	29.621	41%
male	17.890	17.640	17.281	23%
divers/others	0	n/a	n/a	0%
According to regions				
Austria	18.959	18.895	18.522	25%
Hungary	13.578	13.402	13.022	18%
Italy	5.715	5.408	5.215	8%
Slovenia	5.187	5.096	4.958	7%
Croatia	4.915	4.700	4.570	6%
Romania	587	510	418	1%
Czech Republic	0	120	146	0%
Germany	55	49	51	0%
Part-time employment	27.178	26.981	27.146	36%
According to gender				
female	23.576	23.348	23.805	31%
male	3.602	3.633	3.341	5%
divers/others	0	n/a	n/a	0%
According to regions				
Austria	22.196	21.900	21.768	29%
Hungary	1.187	1.128	1.504	2%
Italy	3.187	3.272	3.324	4%
Slovenia	297	280	256	0%
Croatia	194	152	138	0%
Romania	54	57	47	0%
Czech Republic	0	141	60	0%
Germany	63	51	49	0%

GRI 401-1 New employee hires and employee turnover

GRI 401-1

	2022	2021	2020	% 2022 ¹⁾
Newly recruited employees	24.273	20.326	21.208	31,9%
According to age groups				
14 - 24	10.137	8.673	9.646	78,3%
25 - 34	5.531	4.985	4.892	33,3%
35 - 44	4.192	2.996	3.154	24,2%
45 - 54	2.838	2.141	2.115	14,9%
55 - 99	1.575	1.531	1.401	15,4%
According to gender				
female	15.656	13.562	13.978	28,6%
male	8.617	6.764	7.230	40,1%
divers/others	0	n/a	n/a	0,0%
According to regions				
Austria	14.552	13.066	14.687	35,4%
Hungary	4.463	3.043	3.180	30,2%
Italy	1.823	1.396	1.192	20,5%
Slovenia	932	774	607	17,0%
Croatia	1.797	1.445	1.180	35,2%
Romania	634	444	288	98,9%
Czech Republic	5	111	35	n/a
Germany	67	47	39	56,8%

Employee turnover	24.156	19.213	17.137	31,7%
According to age groups				
14 - 24	9.671	8.404	7.553	74,7%
25 - 34	5.961	4.482	3.997	35,9%
35 - 44	3.960	2.721	2.374	22,9%
45 - 54	2.983	1.969	1.702	15,6%
55 - 99	1.581	1.637	1.511	15%
According to gender				
female	15.817	12.745	11.374	28,9%
male	8.339	6.468	5.763	38,8%
divers/others	0	n/a	n/a	0,0%
According to regions				
Austria	14.192	12.561	11.199	34,5%
Hungary	5.124	3.039	2.794	34,7%
Italy	1.601	1.255	910	18,0%
Slovenia	824	612	493	15,0%
Croatia	1.540	1.301	1.334	30,1%
Romania	560	342	295	87,4%
Czech Republic	266	56	56	n/a
Germany	49	47	56	41,5%

The majority of employees are directly employed by SPAR HOLDING AG companies. In order to cover seasonal peaks or to bridge short-term gaps in the workforce, SPAR uses employees from personnel service providers. The number of employees by headcount is not evident from the accounts with external personnel service providers. Overall, the costs for external personnel in SPAR HOLDING AG account for 3.6% of the total personnel expenses. Based on the average salaries in the respective countries, the costs can be estimated at around 3,280 Full Time Equivalent (FTE). This work primarily includes shelf management, i.e. the replenishment of goods in stores, order picking in the large warehouses and meat cutting in the TANN plants.

GRI 2-8

4.1.1. Diversity among employees

The SPAR family is as diverse as the society in the countries where SPAR operates. Age, gender, countries of origin, faith communities and languages are as diversly mixed as the population. This diversity leads to a perfect fit with the needs of the costumers, as SPAR employees can understand special needs such as eating habits from their own cultural background. However, differences in language, culture or religion can also be a hindrance to working together, especially when, for example, conflicts between faith communities or ethnic groups spill over into the work environment. SPAR prevents potential problems in many ways. For example, apprentices at the SPAR Academy in Vienna learn about and understand the customs of different cultures in the subject of cultural care and are thus prepared for dealing with colleagues and customers with different cultural backgrounds. In case of conflicts in the stores, SPAR has established a clear complaints system that contributes to conflict resolution through supervisors or trusted persons such as the works council.



Gender neutrality

A major social issue in Austria is gender diversity and the consideration of people who do not belong to either of the two classic genders. SPAR in Austria has developed and internally communicated a guideline on gender-sensitive language in 2021. Among other things, these guidelines specify how job advertisements are to be formulated in a gender-neutral way in order to make open positions attractive to all employees. Employees can also indicate that they define themselves as non-binary. The HR systems in Austria are already designed for this, but the possibilities for evaluation are currently still missing. With the next major IT update of the HR systems, it will also be possible to evaluate employees who cannot be clearly assigned to a gender.

People with disabilities

SPAR employs people with physical or mental disabilities in many business units and focuses on employing people in Austria and Hungary who are difficult to place in the so-called first labour market. Together with the non-profit organisation "Janka Tanya", SPAR Hungary pursues the objective of enabling people with autism and for other reasons limited working capacity to participate in social life and work in the daytime. In addition, SPAR Hungary has established a dedicated Equal Opportunities Officer in the company who organises, for example, internal awareness trainings.

In Austria, eleven SPAR supermarkets are run by social organisations as socio-economic markets, where people who, for various reasons, cannot find employment in the regular labour market are supported to enter working life. In the stores, young people with physical or mental disabilities can complete their training or partial qualification in commercial professions. Long-term unemployed people, people re-entering the labour market, older job-seekers or people with a migration background can also get a start in working life. After completing the respective programme, the participants, who are trained as committed and competent retail specialists, usually find work in surrounding SPAR stores.

Differences according to gender

When it comes to training, pay and career advancement, equal opportunities are important to SPAR regardless of diversity characteristics. Starting salaries are therefore not determined by gender, but purely by qualification. For the possibilities of further development in the company, both the professional qualifications and the personal commitment of the employees count. Therefore, SPAR does not record diversity characteristics such as faith, cultural background or sexual orientation of employees.

SPAR Hungary joined Amnesty International Hungary's campaign for equal pay in 2020. This means that the company has committed to publishing wage data by gender. SPAR Hungary has therefore published corresponding data for the largest fields of activity in the company in 2021, there are no differences between genders. Through transparency, SPAR Hungary wants to contribute to reducing or preventing wage differences.

GRI 405-2

GRI 405-1 Diversity of governance bodies and employees

	Supervisory Board and Management		
	Board	Executives ¹⁾	Employees
According to age groups			
14 - 24	0%	4%	17%
25 - 34	0%	18%	22%
35 - 44	0%	27%	23%
45 - 54	33%	35%	25%
55 - 99	67%	15%	13%
According to gender			
female	20%	63%	72%
male	80%	37%	28%
divers/others	0%	0%	0%

GRI 405-1

1) Managers include general managers and divisional managers in head offices and shopping centres, store managers and their deputies in SPAR and Hervis stores as well as divisional managers in INTERSPAR hypermarkets.

4.1.2. Additional benefits for employees

SPAR not only pays attention to fair remuneration at or above the level of retail employees in the countries, but also to additional benefits that make working at and for SPAR particularly attractive. These include

- Compatibility of work and family
- Health services (see chapter 4.3)
- Discounts when shopping in the SPAR Group

These benefits are available to all direct employees of SPAR HOLDING AG regardless of their level of employment.

GRI 401-2

Reconciliation of work and family life

The majority of SPAR employees are women, who in many cases also have custody of and responsibility for children or relatives in need of care. SPAR offers various models to balance the demands of work and family. More than one third of SPAR employees are employed part-time and various working time models take into account the needs of childcare and the like. When planning staff schedules, supervisors are also required to take into account the needs of mothers and fathers as well as caring relatives as much as possible during uninterrupted operations.

This commitment to work-life balance is also confirmed with certificates in Austria (first certification in 2014) and Slovenia (since 2017): The SPAR head office and INTERSPAR headquarters as well as all six regional headquarters in Dornbirn, Wörgl, St. Pölten, Graz, Marchtrenk and Maria Saal have received the "beruf&familie" (work&family) certificate. Since 2021, all INTERSPAR supermarkets in Austria as well as SPAR Slovenia have also been certified. The focus is on implementing family-relevant projects to ease the often difficult balancing act between family and work commitments. These include active maternity leave management to facilitate the return to work after maternity leave, flexible working time arrangements with possible marginal employment during maternity leave, part-time parental leave until the child's 7th birthday, flexible arrangements for part-time work and the flexitime scheme for office staff as well as support for employees caring for relatives in need of care. SPAR Slovenia also grants, for example, an additional day of leave for the first day of kindergarten and school. SES offers a year-round company kindergarten for the children of shopping partners and employees in the two shopping centres EUROPARK Salzburg and SILLPARK Innsbruck.

Socially responsible employer

In 2022, SPAR Slovenia became the first SPAR HOLDING AG company to be certified as a socially responsible employer. The certificate is based on the guidelines of the international standard for social responsibility ISO 26000 and offers employers opportunities for improvement in the areas of safety and health at work as well as in the coordination of private and professional life, intergenerational cooperation and content such as ethical leadership and non-discrimination in the workplace with a bundle of different measures.

Honours for long-serving employees

SPAR pays the legally required contributions to the respective pension schemes in all countries. Long-serving employees are particularly important to the company because of their practical knowledge and experience. SPAR therefore honours long-serving employees at regular celebrations and rewards their loyalty with additional benefits. Depending on the service anniversary and region, employees receive bonuses, benefits or additional holiday days from the company as well as recognition from the works council. From the tenth year of employment, SPAR in Austria also pays a voluntary amount into a private pension insurance scheme (see company agreement for details). In Slovenia, SPAR voluntarily pays into an additional pension insurance for all employees.

Purchasing benefits and meal allowances

In many regions SPAR provides a meal subsidy for all employees in its own stores or restaurants. In Austria, this subsidy totalled over €10 million in the reporting year. In addition, employees receive discounts on purchases from cooperating companies. SPAR in Austria offers a special service: the colleagues of the VD SPAR insurance service also check private insurance policies for prices and benefits and can also offer the group conditions for insurance to employees.

In Austria, SPAR offers all employees of SPAR-AG, i.e. also INTERSPAR, Maximarkt, Hervis and SES, a bonus programme for purchases in their own company. Depending on the turnover of the total annual purchase in grocery stores, employees receive up to five per cent of their purchase amount back at the end of the year in the form of the employee loyalty bonus. SPAR paid out around € 6.4 million in loyalty bonuses in 2022. In addition, all employees receive discounts of up to 40 per cent on purchases at Hervis. Through these benefits, employees in Austria saved € 5.17 million on Hervis purchases in 2022.

Company social counselling

In Austria, employees are offered the possibility of being supported by social workers in various problem situations (e.g. legal, housing, financial, psychosocial). The cooperation with Caritas Social Counselling started in 2016 for Vienna, Lower Austria and Burgenland. Counselling is provided by telephone, in person, by email or video conference. The services are free of charge and anonymous. Since October 2022, the service has also been available for employees in Tyrol, and from March 2023 also in Vorarlberg. Employees in Carinthia have been able to take advantage of the

Caritas life counselling service since 2021. The cooperation with Krisenhilfe Oberösterreich and pro mente Oberösterreich has enabled employees in Upper Austria to make use of crisis interventions (by telephone, online, in person at the counselling centres of Krisenhilfe Oberösterreich or in acute cases on site) since September 2022. For employees in Styria, the psychological online counselling Instahelp has been available since 2020.

In Slovenia, SPAR also offers professional psychological counselling and support, which is available to employees and their immediate families 24 hours a day, every day of the year. Under the programme, they can benefit from various forms of counselling (telephone, face-to-face, video and e-counselling), all provided by qualified psychologists, psychiatrists and psychotherapists. The aim of the programme is to offer immediate professional support in solving various difficulties they may face in their professional or personal lives.

4.1.3. Employee survey

SPAR regularly surveys employee satisfaction with their job, their manager and with SPAR as an employer. Previously, these employee surveys took place every two years throughout the Group, since 2016 they have taken place every three years. In 2019, the SPAR countries of Austria, Italy, Croatia and Slovenia last surveyed all employees on their satisfaction with their tasks, workplace and managers. SPAR Hungary continues to have its own employee survey. For SPAR, it is not only the concrete assessment of the manager and the workplace that is meaningful, but also the participation rate. Only employees who believe that they can bring about positive changes through their participation feel connected to the company. SPAR therefore aims to keep participation in the employee survey above 80 per cent. With over 35,600 participants from four countries and a response rate of 78 per cent, the desired participation was just missed, but the survey was still the largest in SPAR's history. 85 per cent of all participants said they would recommend SPAR as an employer to others in their community.

SPAR KPI

SES also regularly asks all employees in the shopping centres and SES headquarters for their opinion of SES as an employer. A response rate of 91 per cent and an overall satisfaction of 88% are proof of employee satisfaction. 95 per cent of all employees across the entire SES Group also confirmed in 2019 that they enjoy working for the company.

The employee survey would have been planned for 2022. Since a significant part of the survey is the evaluation of and feedback to the managers, discretion and anonymity are essential for this survey. A new employee survey was planned for 2022, but had to be postponed to 2023 due to a change of provider. Due to new technical problems, the next employee survey will not take place until April 2024.

4.2. Qualification of the employees



Strategic thrust

- Social Leadership
 - We are the most attractive employer.
 - All employees are accepted in their dignity and uniqueness.

Fields of action

- Qualification of the employees

Targets

- Austria: 80 percent of sales managers have completed the mandatory training defined for their position.

Contribution to SDGs

- Goal 4: Ensure inclusive, equitable and quality education and promote lifelong learning opportunities for all
 - 4.4 By 2030, substantially increase the number of young people and adults who have the appropriate skills, including technical and vocational qualifications, for employment, decent work and entrepreneurship.
 - 4.7 By 2030, ensure that all learners acquire the necessary knowledge and skills to promote sustainable development, including through education for sustainable development and sustainable lifestyles, human rights, gender equality, a culture of peace and non-violence, global citizenship and an appreciation of cultural diversity and culture's contribution to sustainable development.

Topics according to GRI

- GRI 404: Training and education (2016)
- SPAR KPI: Mandatory education

Key figures according to GRI

- 404-1 Average hours of training per year per employee
- 404-2 Programs for upgrading employees skills and transition assistance programs
- SPAR KPI: Percentage of employees who have completed their target training provided for their job.

Finding qualified professionals for food and sports sales, administration, warehousing or IT is becoming increasingly difficult in all countries where SPAR operates. Especially in the Eastern European countries with currently still relatively low wage levels, qualified professionals are migrating to the West. Although wages in Hungary, for example, have risen above average in recent years, it is becoming increasingly difficult to find qualified professionals for retail and all related services.

The correct handling of food, knowledge of sales and advice as well as the necessary technical skills for the operation of markets and shopping centres are highly qualified tasks that employees must master in order to guarantee the business operations and further development of SPAR. SPAR therefore trains and develops its employees in all countries and qualifies them for their daily work. Job satisfaction depends, among other things, on how well employees are qualified for their tasks. In turn, satisfied and well-trained professionals can inspire customers with competent and friendly advice. That is why SPAR attaches great importance to the best possible training and further education. In the comprehensive range of specialist training, seminars and courses, every employee will find the right training for their professional and personal qualifications.

Ongoing staff qualification is on the one hand necessary for ongoing operations, and on the other hand it enables staff to develop further with opportunities for promotion to management positions.

The training and further education programme in the SPAR food trade starts with an apprenticeship or similar specialist training in countries without a dual education system, continues with various specialist training courses such as delicatessen seminars, wine sommelier training or cashier training and ends with top salesperson. This is the basis for the highest professional training in the SPAR Group, the SPAR Master, which is compulsory for all store managers. Depending on the country and division, the offers naturally differ and are adapted to the respective requirements of the positions. For example, administrative staff are offered seminars on negotiation skills, personality training or IT systems, while SPAR logistics drivers are offered safety and driver training. The compulsory training for each position is defined in the mandatory training, which aims to ensure a minimum level of training across the group. The target is that 80 per cent of sales staff have completed their mandatory training at all times; a higher percentage is difficult to

GRI 3-3

GRI 404-2

achieve due to the ongoing turnover that is common in retail. The training level of the employees in relation to the mandatory training is seen by the respective supervisors and the management in the e-learning training system, which is gradually being extended to all countries. After the start at Hervis and in Austria, the e-learning system has been introduced in Croatia at the end of 2020 and in Hungary in 2022.

Training of future professionals

In traditional retail, expertise, competent advice and entrepreneurial thinking are fundamental to business success. SPAR builds this expertise in its employees from the ground up and therefore trains young people in retail professions in all countries. Depending on the education system in the different countries, the training of young people also varies at SPAR. In Croatia, Slovenia and Italy, SPAR offers internships for the vocational training of young people.

In Hungary, apprentices are not directly employed by SPAR, but gain work experience at SPAR as students of technical schools. SPAR guarantees them internships in SPAR and INTERSPAR stores for their entire two-year training period.

In Austria, SPAR trained around 2,000 apprentices last year in 23 different apprenticeships in food retail, sports retail, administration and real estate. Viennese apprentices in food retailing complete their schooling at SPAR's own vocational school, the SPAR Academy Vienna. SPAR is the only retail company in Austria with its own public vocational school. In the federal provinces, apprentices are taught in their own SPAR classes in the public vocational schools. Learning contents in the SPAR training include, in addition to the legally prescribed curriculum, the subject of cultural care with a focus on intercultural and interreligious learning as well as the modules Organic and FAIRTRADE Ambassadors with detailed knowledge on more sustainable products. Together with WWF Austria and with the support of the Ministry for Climate Protection, SPAR has developed the Green Champions! programme. The own sustainability training for apprentices deals with conscious shopping as well as hot sustainability topics such as sensible plastic reduction, animal welfare and regional suppliers.



SPAR apprentices can also complete training as FAIRTRADE ambassadors in the course of their apprenticeship at SPAR.

In addition to apprenticeship training, SPAR also promotes retraining and further education for specialised professions. In Croatia, for example, SPAR is particularly looking for bakers and butchers for shops and offers retraining that is fully pre-financed by SPAR. In 2022, employees were also retrained as truck drivers for the first time. SPAR also accommodates employees in the retraining process organisationally, allowing them to work only the morning shift in order to attend classes in the afternoon. The retrained employees then work in their new and better paid jobs in the SPAR shops.

Further training for existing employees

Trade thrives on personal contact and training on the product. Therefore, seminars with personal attendance are indispensable in retail. However, theoretical content, background information or training for IT applications can also be learned digitally - at any time chosen by the employees. Therefore, SPAR has been digitising parts of the training programme for many years and has built its own learning platform for this e-learning offer. During COVID-19, this basis was extremely important in order to be able to conduct training even without personal contact.

Online training is delivered through the SPAR e-learning system. This programme has been rolled out from Austria to other countries since 2017. The programme distributes training content to all employees digitally, interactively and in a way that is easier to understand. Employees can complete their training units individually on their computer or mobile device exactly when they find the time and peace to do so. The platform is also linked to the mandatory training and automatically suggests next training parts or warns when parts are still missing. This makes it even easier for employees and managers to organise and monitor compulsory training.

In Austria, by the end of 2022, more than 86 per cent of sales managers have completed their mandatory training, so the target of 80 per cent was exactly achieved in the reporting year. In addition to the mandatory training, SPAR offers further specialised training as well as personality and leadership training in all countries. The key to motivation in the training programmes and successful completion is the individual adaptation of the training programme to the requirements of the workplace and the previous knowledge of the employees.

SPAR KPI

GRI 404-1 Average number of hours for education and training

	2022	2021	2020
Total	08:03	06:41	05:11
female	n.a.	n.a.	n.a.
male	n.a.	n.a.	n.a.
divers/others	n.a.	n.a.	n.a.

GRI 404-1

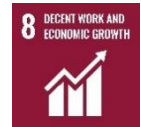
Differentiation by gender or employee category is not possible in the current systems. The training and development hours include all training that SPAR offers itself. Specialist training, especially in the administrative area, which is booked individually by employees, cannot be recorded in this system and therefore cannot be evaluated.

4.3. Employee health

Physical and mental well-being is the basic requirement for any working relationship between employee and employer - without this foundation, satisfied employees would be unthinkable. Therefore, the promotion of good health and a speedy recovery in the event of illness are fundamental for SPAR to the functioning of the business and the satisfaction of employees and customers. SPAR is committed to the health of employees in all countries through active health communication, the promotion of sports activities to maintain general fitness and a wide range of other health and prevention programmes.

GRI 3-3

<p>Strategic thrust</p> <ul style="list-style-type: none">• Social Leadership<ul style="list-style-type: none">○ We are the most attractive employer.○ All employees are accepted in their dignity and uniqueness.
<p>Fields of action</p> <ul style="list-style-type: none">• Employee health• Additional benefits for employees
<p>Targets</p> <ul style="list-style-type: none">• Increasing occupational safety and reducing accidents and injuries
<p>Contribution to SDGs</p> <ul style="list-style-type: none">• Goal 8: Decent work and economic growth<ul style="list-style-type: none">○ 8.8 Protect labour rights and promote safe working environments for all workers, including migrant workers, in particular women migrant workers, and people in precarious employment
<p>Topics according to GRI</p> <ul style="list-style-type: none">• GRI 403: Occupational health and safety
<p>Key figures according to GRI</p> <ul style="list-style-type: none">• 403-1 Occupational health and safety management system• 403-2 Hazard identification, risk assessment and incident investigation• 403-3 Occupational health services• 403-4 Worker participation, consultation and communication on occupational health and safety• 403-5 Worker training on occupational health and safety• 403-6 Promotion of worker health• 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships• 403-9 Work-related injuries



Occupational health and safety management systems

SPAR has internal management systems in place in Austria, Hungary, Slovenia and Croatia to continuously improve health and safety within the framework of national health and safety legislation. In Italy, the regional SPAR organisation ASPIAG Service has also completed the comprehensive ISO 45001 certification. The standard aims to further develop safety and health in the company in terms of continuous improvement. In addition, SPAR in Austria participates in the government programme "Workplace Health Promotion" and is certified according to the criteria of this best practice initiative. The health programmes and the health and safety management system cover all employees of SPAR, Hervis and SES in the countries mentioned. Any employees of service providers are covered by their health management systems.

GRI 403-1

The internal or external health and safety service of each part of the company constantly analyses the health and safety hazards and defines the most appropriate prevention and protection measures for each of them (e.g. operating procedures, refresher training, new or different personal protective equipment). The results of such analysis are formally presented in the risk assessment documents prepared by each operational unit.

GRI 403-2

Depending on national requirements, the composition of the management system committees varies from country to country. In Austria, Hungary, Slovenia and Croatia, as well as at SES, there are bodies consisting of a safety officer, an occupational health service and/or a safety specialist according to national requirements.

In Austria, all safety officers, safety specialists, occupational health service, works council representatives as well as employer representatives meet once a year in the Occupational Safety Committee in accordance with the Workers' Protection Act §88 for mutual information, exchange of experience, coordination of the company's occupational safety facilities. In Hungary, a risk assessment of health and safety hazards is prepared for each site and updated every three years. Part of the risk assessment is an action plan including deadlines, which is issued to the responsible persons and reviewed regularly. In Slovenia, representatives of occupational safety, the occupational health service and employees jointly define work-related hazard and prevention potentials for the company units. These are recorded in a risk assessment documentation. SPAR Croatia prepares a risk assessment for each branch, each warehouse and the head office together with an external company, a separate occupational safety department ensures compliance with the occupational safety rule through audits. The occupational safety department informs the respective manager about any deficiencies so that they can be remedied immediately. The occupational safety committee meets every six months to discuss all issues relating to occupational safety and health protection. At ASPIAG Service, SPAR's organisation in Italy, there is an internal prevention and protection service that is responsible for health management. Every year it analyses the results achieved in the previous year, starting with the analysis of injuries and near misses even in outsourced activities, cases of non-compliance, periodic audits and any other information considered relevant to health and safety at work. The management team also sets targets for improvement, including financial and organisational resources and a timetable, beyond legally mandatory measures as part of ISO45001 certification. During the year, the company conducted specific audits in the branches with direct support from the branch managers and department heads, proactively addressing potential issues. Each SES business unit receives occupational health and safety supervision in accordance with legal requirements. In many places, the safety specialist is directly located in the SES centre management team. Occupational accidents or work-related hazards are reported to these specialists, potential for avoidance is identified and continuous improvement measures are initiated. There are two safety officers at the SES Centre. At Hervis, the risk analysis for occupational safety is outsourced to an external consulting company, which also assists in the training of employees regarding occupational safety.

SPAR has not identified typical risks leading to serious injuries in classic retail. There is a risk of cut injuries in the production plants. SPAR has identified potential hazards for work-related injuries in risk analyses and minimised them through work instructions, personal protective equipment or other precautionary measures. In addition, the occupational safety committees regularly carry out analyses of accidents and quasi-accidents and adjust preventive measures.

Service for employees: Occupational health services

The functions of the occupational health services and SPAR health management range from occupational health management to observations of work processes and recommendations for improvements to examinations and vaccinations. SPAR assigns the tasks of the occupational health services to company doctors at the different locations in order to ensure the best possible professional care and anonymity of the employees. The occupational health services are actively involved in identifying hazards at work, assessing occupational health and safety and health risk. To this end, they carry out occupational health and safety inspections and contribute to solving occupational health, physiological, ergonomic and hygienic tasks. The contacts to the regionally responsible occupational health physician are known to the employees through internal media, the occupational health training courses and the intranet.

GRI 403-3

Involvement and training of staff

Employees are involved in the further development of health promotion measures in the context of regular occupational safety meetings, directly and indirectly through the works council, as well as through the possibility to report health hazards to the safety specialists. In all countries, employees are aware of the contacts to the safety officers and safety specialists through notices and information on the intranet in order to report and avert dangers. In Croatia and Hungary, employees can directly elect their safety representatives.

GRI 403-4

All SPAR employees participate in safety training, which includes information on workplace safety, fire safety, evacuation and rescue. In accordance with national laws, some employees must also complete first aid training, which is carried out by external experts. In addition, there is specialised training for activities with special occupational health and safety requirements. SPAR offers comprehensive training for occupational safety and personal mental development in the SPAR online learning platform (where already available) or in classroom training available to all employees.

GRI 403-5

Health benefits for employees

GRI 403-6

In addition to the occupational health service, SPAR offers a wide range of offers for physical and mental health in the individual company units. SPAR regularly informs about opportunities to promote health in internal media, such as the intranet or employee newspapers. Plenty of vitamins and minerals should promote the health of employees, which is why SPAR provides fruit and vegetables for employees in the break rooms every day in many stores and head offices.

SPAR Hungary runs its own SPAR Lifestyle programme with health tips from local experts for employees and customers. Contributions are actively communicated via the SPAR intranet and in the SPAR newsletter. In 2021, SPAR Hungary has made the extended health insurance package available as a bonus to the remuneration of 800 managers and experts of the company. This health insurance package gives colleagues access to faster medical care in 22 specialties and to advanced diagnostic services (MR, CT) and minor surgical services in private health facilities, which have significantly shorter waiting times than public health services.

In Slovenia, health tips are an integral part of staff information. In every issue of the staff magazine, employees can find information on preventive health care, nutrition, exercise and prevention.



The SPAR Health Card, the health passport, and the accompanying app offer employees an innovative health programme

In Austria, in addition to the "Health Card", the health pass, SPAR has launched an innovative health programme for employees and interested customers with the associated app, the "Health Coach". The virtual health coach is based on the four pillars of exercise, conscious nutrition, preventive health care and mental fitness, and guides employees towards a healthy lifestyle. All employees are also provided with tips for proper exercise at work and in private life, nutritional recommendations and other information useful for their health via newsletters and employee magazines. In the regions, different health training and treatments are offered, such as physiotherapy, massages, yoga, running training, vision and hearing tests or health checks together with an insurance company.

As part of the Group's health management, SES provides comprehensive information on the prevention of physical and mental health risks. Preventive health measures are integrated into everyday working life on a country-specific basis and have a lasting effect on health awareness. Depending on the location, there are various campaigns and programmes on the topics of nutrition, mental fitness, exercise and prevention. These offers, which vary from country to country and are implemented in cooperation with the respective SPAR national headquarters, are communicated to employees through a variety of internal channels.

SPAR also organises and sponsors various sporting events. In Hungary, for example, SPAR is the main sponsor of the marathon "SPAR Budapest Maraton Fesztivál" and sends numerous teams of employees out on the course. Hervis was again a sponsor of Austria's largest sporting event, the Vienna City Marathon, in 2022. At these and many other running events such as the Linz Marathon or the Graz Women's Run, SPAR relay teams participate, making shorter distances possible for everyone, and individual runners are supported by SPAR in their sporting ambitions.

GRI 403-7

SPAR has no direct influence on health protection in production facilities that are not owned or influenced by SPAR, such as suppliers. Through regional sourcing, primarily in countries with trustworthy government worker protection regulations, and through contractual assurances of labour standards and social certification for suppliers from at-risk countries (see p. 43), SPAR seeks to ensure occupational health and safety in the supply chain.

GRI 403-9 Work-related injuries

	2022	2021	2020
Deaths			
Number	0	0	0
Rate to 200,000 working hours	0,0	0,0	0,0
Serious injuries			
Number	16	18	26
Rate to 200,000 working hours	0,0	0,0	0,1
Other documented injuries			
Number	2.222	2.519	2.242
Rate to 200,000 working hours	4,2	4,4	4,0
Working hours in thousands	106.665	113.738	111.179

GRI 403-9

403-9a: Work-related injuries at SPAR are diverse depending on the employees' field of work. The most common injuries include cuts and bruises to hands and feet when moving goods.

403-9b: Data includes all employees and workers employed by SPAR HOLDING AG companies, there is no data on employees of service providers. These are subject to legal employee protection regulations in all countries where SPAR operates.

403-9c and d: Hazards or risks that have led to serious injuries are discussed in the occupational safety meetings (see p. 68) and discussed whether and, if so, which measures must be taken to avoid this danger in the future.

403-9g: Fatalities and accidents on the way to work are included in individual countries if so specified by law.



EN

SPAR HOLDING's approximately 3,000 locations, its own logistics and production facilities require energy for construction and operation. Waste is also generated in the distribution of food and everyday goods. Through the necessary business activities, SPAR HOLDING causes greenhouse gas emissions. However, SPAR continuously tries to keep the environmental impact as low as possible through a variety of measures. The largest share of emissions is caused by the ongoing operation of locations and logistics. Therefore, SPAR prioritises these areas and pays attention to the careful use of resources during construction and efficiency during operation.

MENT

5.1. Specifications for the construction of SPAR buildings

Strategic thrust

- Social Leadership
 - We take social responsibility towards our entire environment: ecology, politics, investors, employees, suppliers, customers, etc.
- Innovation and thematic leadership
 - Trendsetter in shop architecture, shop design, product range design, product presentation, marketing and advertising policy as well as technical equipment.

Fields of action

- Site development and planning
- Construction and site design
- Energy efficiency
- Renewable energy
- Reduction of CO₂ emissions

Targets

- Construction of all buildings in accordance with national building regulations, especially with regard to soil consumption and greening
- For energy efficiency targets for buildings, see Chapter 5.2

Topics according to GRI

- GRI 302: Energy (2016)

Key figures according to GRI

- 302-3 Energy intensity

On the one hand, the construction of buildings consumes land that is no longer available for other uses. On the other hand, the building itself also requires resources in the form of building materials for its construction and for its subsequent ongoing operation. This use of resources must be made compatible with SPAR's business activities by reducing it as much as possible, while respecting national legislation and the economic viability of the sites.

When constructing buildings, SPAR takes into account the quality of the building materials, adaptation to regional conditions, efficiency in operation, quality of stay for employees and customers as well as a construction method that is as gentle to the soil as possible. For this reason, SPAR has developed a comprehensive construction manual that takes into account the building standard, energy-efficient technology, quality of stay, processing methods and, finally, problem-free disposal at the end of the building's service life. This building manual is regularly adapted to the current state of technology. The building manual is certified by the Austrian Society for Real Estate Industry ÖGNI. SPAR rebuilds every new store and every fundamentally modernised store according to this standard. Each of these stores thus meets at least the ÖGNI Gold Standard; with additional equipment such as a photovoltaic system, the stores reach the highest award level of platinum. SPAR adapts the external appearance of the stores to the respective region and uses different, modern and also regional building materials for the individually planned buildings. Instead of the system construction methods and monotonous "shoe boxes" of other retail buildings, no two SPAR stores or shopping centres are alike. In this way, the buildings also contribute to the modern image of the SPAR brand.


When selecting locations for new buildings, SPAR is guided by several factors, some of which are in conflict with each other. On the one hand, SPAR is a local supplier of daily groceries and therefore as close as possible to people's homes and workplaces. On the other hand, customers demand an ever-increasing range of food products, which requires larger sales areas than are available in existing structures in the city centre. On the one hand, buildings and transport infrastructure should take up as little space as possible. On the other hand, locations with parking spaces in front are significantly more frequented and have higher turnover than those with no parking spaces or with parking spaces built over. SPAR seeks to resolve these conflicting objectives through individual site solutions for new builds such as increasing overbuilding and multi-purpose use, extensions on existing land and expansion in close consultation with local authorities, district developers and property developers within the framework of development plans. However, if sites can no longer be expanded or SPAR builds on new settlement areas or arterial roads, new stores are also built on "greenfield" sites. SPAR strictly adheres to the requirements of the authorities regarding maximum sales areas, parking spaces and greening. The regional governments, for example in Hungary through the Plaza Law or in Austria through the regional building regulations, issue guidelines in this regard. SPAR uses this framework and builds supermarkets in close coordination with municipalities to ensure local supply. Where possible and also economically

GRI 3-3

viable, SPAR tries to increase the sales area by integrating additional uses. For example, in 2022 SPAR demolished a SPAR supermarket in Obertrum (Salzburg) and built a EUROSPAR instead, which opened in 2023. By building flats above the sales area, it could be expanded beyond the otherwise possible 600 m² to 1,000 m². The right to award the contract for the subsidised rental flats is held by the municipality of Obertrum, which thus provides affordable housing for young adults and families.

SES is responsible for the development and execution of large-scale construction projects for the shopping centres in six countries as well as for the INTERSPAR hypermarkets and MAXIMARKT in Austria. For many years, SES has pursued a multi-functional orientation of its shopping centres and relies on a compressed construction method with the highest demands on space quality. Multiple uses are implemented on a site-specific basis, whether in the form of offices, a cultural venue, a health centre or - as in ALEJA Ljubljana, which opened in 2021 - as utilised roof space for an extensive sports and leisure experience.

5.2. Energy consumption and climate protection

<p>Strategic thrust</p> <ul style="list-style-type: none"> • Social Leadership <ul style="list-style-type: none"> ○ We take social responsibility towards our entire environment: ecology, politics, investors, employees, suppliers, customers etc. • Innovation and thematic leadership <ul style="list-style-type: none"> ○ Trendsetter in shop architecture, shop design, product range design, product presentation, marketing and advertising policy as well as technical equipment. <p>Fields of action</p> <ul style="list-style-type: none"> • Energy efficiency • Renewable energy • Warehouse & Transport Logistics • Reduction of CO₂ emissions <p>Targets</p> <ul style="list-style-type: none"> • Minus 50% greenhouse gas emissions (Scope 1&2) in absolute terms by 2030, based on 2014 (base 404,830 t) • Minus 80% greenhouse gas emissions (Scope 1&2) in absolute terms by 2050, based on 2014 (base 404,830t) • Minus 50% energy consumption relative to turnover, based on 2014 (base value 158.7 kWh/TEUR) • In the long term, SPAR will convert all refrigeration systems to refrigerants with GWP<150 um, starting on 1.1.2022 for all new buildings. • SES: SES installs photovoltaic systems on 50 % of available roof surfaces by 2050, uses 100 % energy from renewable energy sources. <p>Contribution to SDGs</p> <ul style="list-style-type: none"> • Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all <ul style="list-style-type: none"> ○ 7.2 Significantly increase the share of renewable energy in the global energy mix by 2030 • Goal 13: Take urgent action to address climate change and its impacts <ul style="list-style-type: none"> ○ 13.1 "Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries" <p>Topics according to GRI</p> <ul style="list-style-type: none"> • GRI 302: Energy (2016) • GRI 305: Emissions (2016) <p>Key figures according to GRI</p> <ul style="list-style-type: none"> • 302-1 Energy consumption within the organisation • 302-3 Energy intensity • 305-1 Direct GHG emissions (Scope 1) • 305-2 Indirect energy-related GHG emissions (Scope 2) • 305-4 GHG emission intensity 	
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Temperatures are rising and the climate is changing dramatically. The consequences such as floods, dry periods and the associated poor harvests are also becoming increasingly visible and noticeable in the countries of SPAR HOLDING. Both the global community of states and the European Union have committed themselves to limiting global warming to below 1.5°C, as demanded by science. In doing so, they have also established the necessity of phasing out fossil fuels. The reduction of energy consumption and measures to protect the climate are inextricably linked.

SPAR is committed to these targets and the associated energy savings for ecological and economic reasons. 2022 was marked by the Ukraine war, the energy crisis and huge increases in energy costs. Numerous energy reduction measures were implemented, such as the adjustment of temperature settings and the lighting of branches (reduction of advertising and outdoor lighting shortly before and after the opening of the market). With the energy reduction and changeover to renewable energy sources, a part of the climate targets can already be achieved, further measures, such as by changing the coolants to those with a low impact on global warming (Global Warming Potential GWP), will contribute another significant part.

GRI 3-3

In 2022, SPAR revised the energy and climate targets and adapted them to international standards. Previously, energy and climate targets were reported as intensity targets related to sales floor area. These targets turned out to be impractical in practice for several reasons:

- The targets were set on the basis of Austrian structural conditions and then extended to the other countries of SPAR HOLDING AG. Differences, for example, in the proportion of independent retailers supplied, the scale and nature of production operations or in-house vs. outsourcing of services were not taken into account.
- The reference value was the sales area of the stores. The targets and their verification could not be transferred to production plants or logistics on the basis of this reference value. This meant that an analysis was only possible at the company level and not in detail at the divisional level.
- In recent years, SPAR has been able to increase the sales area performance, i.e. the quantity sold per m² of sales area or the production output of the operations. These efficiency measures were not taken into account when relating energy consumption to floor space.

In 2022, the SPAR HOLDING Management Board has therefore adopted new energy and climate targets based on the recommendation of the Sustainability Manager. The relative climate targets were changed to absolute climate targets. With an annual reduction of -4.2%, the targets are in line with the maximum global warming target path of 1.5°C for Scope 1 and 2. Targets for the upstream and downstream supply chain (Scope 3) are currently being developed to also meet the ESRS requirement by 2025 at the latest. The base year was adjusted from 2009 to 2014. Reliable energy consumption data will be available for all countries from this year, and at site level from 2017. Targets for the reduction of greenhouse gases from Scope 1 and 2 were set in the medium term until 2030 and in the long term until 2050. The focus is first on reducing actual emissions and investing in technical options to reduce emissions. Offsetting unavoidable emissions takes precedence over avoidance measures and is therefore planned after the reduction of avoidable emissions.

The target for energy intensity was also adjusted from the sales area as a relative value to turnover. On the one hand, this already corresponds to the future reporting standard ESRS E1-6, which also establishes a reference to turnover. On the other hand, the reduction in consumption can thus be broken down and measured to each company unit. For example, the consumption of the shops is broken down to the shop turnover, that of the production plants to the production turnover and that of the logistics to the delivery turnover with the own fleet. At the level of SPAR HOLDING AG, the turnover according to the balance sheet is used. For the calculation of the target achievement, the turnover of the respective level is indexed, at the level of SPAR HOLDING AG with the CPI base year 2014. The new energy and climate targets of SPAR HOLDING AG are:

GRI 2-4

- Minus 50 % greenhouse gas emissions (Scope 1&2) in absolute terms by 2030, Related to the year 2014 (base value 404,830 tonnes)
- Minus 80 % greenhouse gas emissions (Scope 1&2) in absolute terms by 2050, Related to the year 2014 (base value 404,830 tonnes)
- Minus 50 % energy consumption relative to turnover, based on 2014 (base value 158.7 kWh/T€)

To further reduce energy consumption and emissions, SPAR has broken down the targets to countries and within countries to functional areas such as shops, administration, logistics and production. The achievement of the targets is monitored at country level, so that within the functional areas a balance can be achieved if, for example, reductions are no longer possible in logistics but are possible in the store area.

In order to identify potential savings, several SPAR HOLDING AG companies have introduced energy or environmental management systems. SPAR Österreichische Warenhandels AG including its branches and production facilities as well as Hervis have had an energy management system according to ISO 50001 since 2015 and were last recertified in

2021. In Slovenia, the system according to the ISO energy management standard has been in place since 2018, with recertification in 2022. A real-time monitoring system for all key consumers went live in 2022. SES implemented the ISO 50001:2018 energy management system for the Austrian centres and for all INTERSPAR and Maximarkt locations, which was certified by TÜV AUSTRIA in 2019 and recertified in 2022. In the Italian grocery business, SPAR has been rolling out ISO14001 environmental management certification to more and more sites for several years, with the aim of applying the standard across the board in all stores and head offices. As part of the certification process, TÜV highlighted the longevity of the stores and the expertise of the energy managers in a particularly positive light. SPAR Hungary decided against the introduction of an energy management system and instead opted for energy audits. The last audit was completed in 2019 and will be renewed by the end of 2023.

The SPAR HOLDING Management Board receives the current status of target achievement via the Balanced Score Card and the country managements in the form of annual detailed evaluations of the Sustainability Report.

5.2.1. Energy efficiency

The use of modern, state-of-the-art technologies in all new buildings and conversions has been standard practice at SPAR for many years. The use of energy-efficient equipment is laid down in the energy policy and is also included in the specifications of the SPAR Construction Manual, on the basis of which all new stores are built. Every store built according to this manual meets the requirements of the ÖGNI gold certificate and fulfils high standards in energy efficiency, resource use and recycling as well as quality of stay. When using financial resources for innovations and energy optimisation, SPAR starts with the biggest consumers. In an average new SPAR supermarket, these are, in descending order, refrigeration (38 per cent), lighting (21 per cent), indoor climate (15 per cent), IT and appliances (ten per cent), baking stations and water heating (five per cent each) and other small energy consumers. Energy efficient equipment is used as widely as possible at SPAR, but the focus is on refrigeration, lighting and the conversion of heating systems in the stores.

Efficient lighting

The standard in all countries includes equipping stores and head offices with energy-saving LED lighting. Some of the diode systems were developed jointly by lamp manufacturers and SPAR especially for use in supermarkets and meet the highest requirements in terms of luminous intensity, light colour and energy efficiency. Thanks to joint development work and practical tests by SPAR and Zumtobel, the energy consumption of the Zumtobel Tecton series installed in SPAR stores has been reduced by 66% from the 2008 standard (first use at SPAR) to the current level. Since 2011, LED has been installed in all new and renovated locations in Austria, and since 2016 also in the other countries. Today, all SPAR and Hervis stores as well as SES shopping centres are equipped with optimal daylight levels and additional energy-saving LED lighting.

Moving away from fossil heating systems

SPAR has been engaged for many years to do without fossil energy sources and converts heating systems in all new buildings as well as in all conversions in which the technology is also replaced to the waste heat of the refrigeration systems with concrete core activation. SPAR started the conversion with heating systems that were operated with light fuel oil. In Hungary, the last such system was dismantled in 2021. Today, no SPAR location in Austria, Italy, Slovenia and Hungary is heated with this energy source. The conversion in the other countries and of the plants with extra-light heating oil will continue. SPAR has also increased the replacement of other fossil fuel heating systems in 2022. The number of sites that were fuelled with heating oil decreased by a further 9. In 2022, around 30 out of more than 2,000 locations were still operated by heating systems with light fuel oil. The number of locations heated with natural gas or liquid gas fell from around 930 locations to around 900.

The ambition is further strengthened by rising energy prices, which have become clearly apparent in the Ukraine conflict, and in Austria by the announcements in the government programme, which provides for a gradual phase-out of coal and oil heating from 2021 until 2045 at the latest and will no longer allow gas heating in new buildings from 2025. SPAR is well prepared for these requirements and will have replaced these systems well before the legally required changeover. SPAR has not installed gas heating systems in new buildings for many years, but instead relies on central heating and cooling systems with concrete core activation and heat pumps.

Electricity savings with increasing comfort

On the one hand, the technologies used by SPAR are becoming more efficient and require less energy for the same performance. On the other hand, the equipment standards in supermarkets are increasing, which influences electricity consumption. Corresponding factors are:

- More convenience foods for immediate consumption, such as pre-cut fruit and vegetables, ultra-fresh sandwiches and chilled drinks need additional cooling space. Extended shelf life and less spoilage of fruit and vegetables is also achieved through refrigeration. Even if individual refrigeration units consume less energy due to efficiency improvements, the overall energy demand for refrigeration increases due to their increased use.
- Increasingly necessary air conditioning on warm summer days increased electricity consumption in large markets. While markets used to be equipped only with ventilation, air conditioning systems are being installed in new larger locations to ensure product quality and safety even on hot days. In smaller markets, this is not necessary due to a higher ratio of refrigerated units to total sales area.

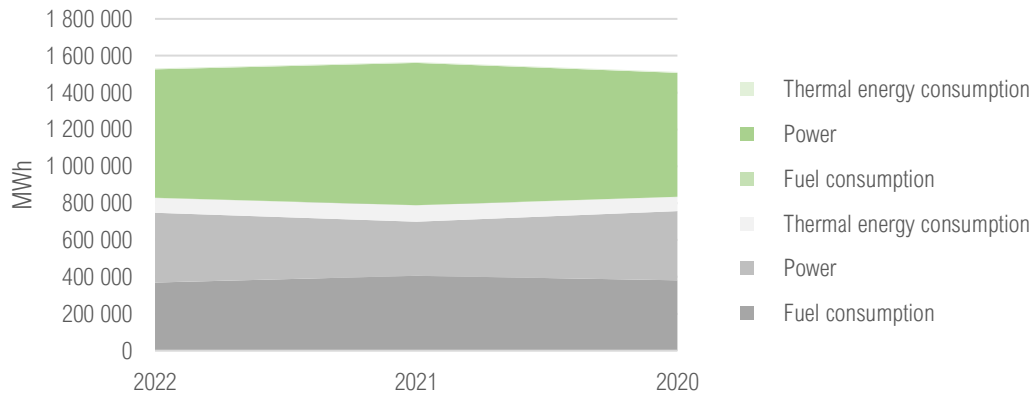
Increasing competition in saturated markets makes ongoing work on the attractiveness of supermarkets necessary. This is achieved through more lighting, air conditioning and trendy, refrigerated assortments, which overall increase electricity consumption.

SPAR is increasingly switching stores from heating with fossil fuels to waste heat from the refrigeration systems. This reduces the energy consumption of fossil fuels and the greenhouse gas emissions. SES is increasingly introducing demand-responsive ventilation control at SES Shopping Centres, INTERSPAR and Maximarkt. The primary task of ventilation systems is to ensure not only a comfortable thermal room condition but also good air quality with minimal energy consumption. To achieve this target, SES uses demand-based ventilation control at SES shopping centres, INTERSPAR hypermarkets and Maximarkt in Austria, which achieves electricity savings of up to around 50 per cent compared to conventional control.

Particularly due to rising energy prices in 2022, a special focus was placed on energy-saving measures. In addition to the use of energy-efficient equipment, details were also tackled. These measures included reducing the lighting times of the outdoor facilities to just before and after market opening hours. Employees also contributed ideas for saving energy, such as installing timers on restaurant beverage coolers or controlling nighttime shut-offs of equipment in the markets.

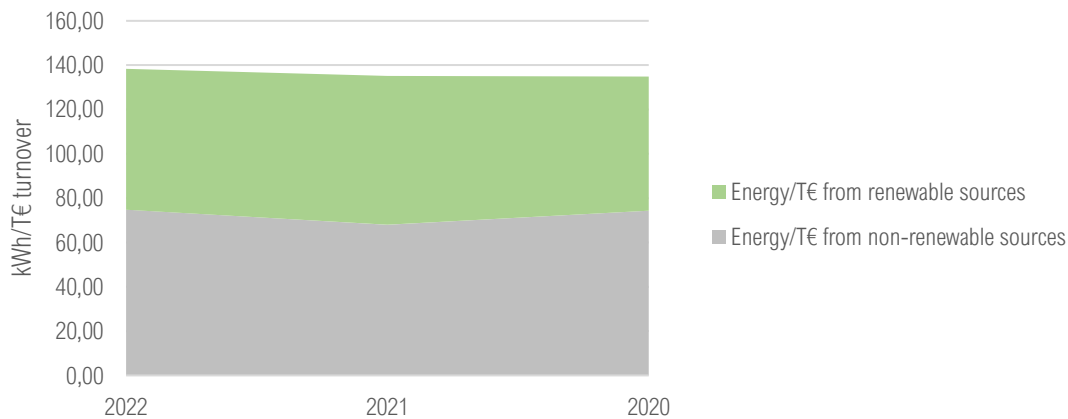
GRI 302-1 Energy consumption in the organisation

GRI 302-1



Total energy consumption of SPAR HOLDING in MWh.

GRI 302-3 Energy intensity in kWh/T€



Energy intensity: Energy consumption of the branches incl. electricity, heating in kWh per thousand euros turnover (adjusted for inflation)

GRI 302-3

GRI 302-1 Energy consumption in the organisation

	2022	2021	2020	% Share
Energy consumption from non-renewable sources in MWh, of which	829.047	788.369	833.354	54,1%
Fuel consumption	370.999	406.312	382.030	24,3%
Power	378.460	293.429	375.284	24,7%
Thermal energy consumption	79.588	88.628	76.040	5,2%
Energy consumption from renewable sources in MWh, of which	706.452	777.544	678.683	45,9%
Fuel consumption	1.404	967	806	0,1%
Power	700.699	771.845	673.558	45,5%
Thermal energy consumption	4.349	4.731	4.319	0,3%
Total energy consumption	1.535.499	1.565.913	1.512.037	

GRI 302-3 Energy intensity in kWh/T€ (adjusted for inflation)

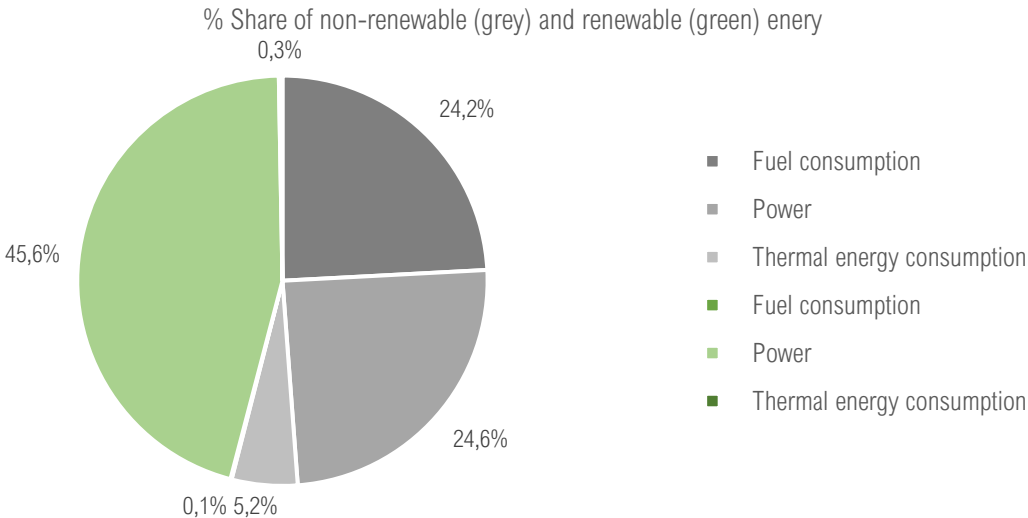
	2022	2021	2020	% Share
Energy/T€ from non-renewable sources	74,91	68,01	74,33	54%
Energy/T€ from renewable sources	63,83	67,08	60,54	46%
Energy/T€ total	138,74	135,09	134,87	

5.2.2. Renewable energy

Despite all energy efficiency and savings, energy will continue to be necessary for business operations in the future. SPAR obtains an ever-increasing share of this energy from renewable sources. To this end, new SPAR locations are constantly being equipped with photovoltaic systems, heating systems are being converted from oil and gas operation to waste heat from the refrigeration systems and new logistics solutions are being tested that do not require fossil fuels. In Austria, SPAR has been sourcing electricity exclusively from renewable sources since 2017, and the majority of electricity in Italy. Electricity in Slovenia has been emission-free since 2021.



Over 45% of the energy consumed by SPAR HOLDING AG already comes from renewable sources. The largest share of non-renewable energy is accounted for by fuels and heating energy as well as electricity from nuclear reactors. Currently, all organisational units still consume diesel and petrol to power vehicles, as well as heating oil, natural gas and liquid gas for heating buildings and production. The share of energy sources that cannot be clearly allocated has been significantly reduced in 2022. Electricity from the respective national mix is now also divided according to primary energy sources. Only in the case of district heating is the primary energy used only clear for a few locations, as district heating is purchased from a variety of local suppliers and can contain shares from renewable and fossil sources. These are classified as non-renewable unless specific information on renewable primary energy sources is available.



SPAR is continuously expanding its self-sufficiency in energy. In heavily populated areas, where most SPAR sites are located, wind and hydroelectric power plants are difficult to implement. A sensible and widely applicable technology for energy generation at SPAR locations is therefore photovoltaics. In many cases, SPAR locations have suitable roof areas in terms of size and load capacity. SPAR is therefore pushing the construction of photovoltaic systems and invests around one million euros annually in Austria alone. SES and INTERSPAR in Austria have set themselves the target of installing photovoltaic systems on 50 per cent of available roof surfaces by 2050. SPAR uses the electricity generated directly at the sites.

In 2022, SPAR has self-operated photovoltaic systems on the roofs of 153 sites. In addition, plants are in operation at other sites where SPAR consumes the electricity at the site but which are owned by energy suppliers. In 2022, SPAR's own PV systems generated a total of around 10.1 GWh of electricity, which SPAR consumed directly at the sites.

Yield of photovoltaic systems

	2022	2021	2020
Energy production in MWh	10.108	6.745	6.143
Number of PV systems	153	132	118

In Slovenia and Croatia, biomass is also used to heat baking ovens. Wood pellets fire the ovens of the market bakery and thus significantly reduce CO₂ compared to gas heating.

5.2.3.Reduction of CO₂ emissions

SPAR is committed to significantly reducing greenhouse gas emissions. In Austria, a target of relative -90% by 2050 has been in place since 2010, but relative targets do not reflect the urgency of taking action against climate change. Therefore, last year SPAR revised the climate protection targets, extended them to all countries of SPAR HOLDING and brought them in line with the target of keeping global warming below 1.5°C. To this end, SPAR is focusing on energy efficiency in its production processes on the one hand, and on energy efficiency in its production facilities on the other. To achieve this, SPAR is focusing on energy efficiency in the overall system on the one hand, i.e. supplying the population with goods at the most efficient use of energy possible (see p. 76). SPAR is increasingly switching the energy used to renewable energy sources (see p. 77). By reducing energy demand on the one hand and the greenhouse gas intensity of energy sources on the other, SPAR's emissions are to be halved by 2030 and reduced by 80 per cent by 2050.

In 2022, SPAR HOLDING's emissions came from electrical energy (30%), fossil sources for transport (13%) and space and process heating (20%) and refrigerants (37%). To reduce emissions, SPAR is implementing measures for all these emitters.



Conversion of electricity and heating energy to renewable energy sources

SPAR is increasingly converting electrical energy and heating systems to renewable sources (See p. 77). Waste heat from the refrigeration systems is used to heat the stores, and additional heat required is generated by electric heat pumps. The electricity for this increasingly comes from emission-free sources.

Modern refrigeration systems

Outdated refrigeration systems are the biggest consumers of electricity in supermarkets and are operated with refrigerants that have a high global warming potential (GWP), i.e. they endanger the ozone layer when released. Modern refrigeration systems require less energy and are operated with natural refrigerants that have a global warming potential of CO₂ or less. The current EU Fluorinated Gases Regulation stipulates that emissions from refrigerants must be reduced by 60 percent by 2030. Therefore, refrigerants with high GWP are banned or their availability is continuously reduced.

Since 2017, all new SPAR buildings in Austria have been equipped with refrigeration systems that use CO₂ as a refrigerant. For new installations and conversions, only a refrigerant with a maximum GWP of 150 may be used in refrigeration systems in SPAR buildings (stores, warehouses, head offices, production facilities) throughout the Group from 1.1.2022. For stores that would not have been converted by 2030 but are operated with GWP-intensive refrigerants, SPAR will exchange refrigerants for replacement refrigerants with lower GWP at an early stage. Exceptions can be made for systems with a refrigerant charge of up to 10 kg. Here, refrigerants with a GWP of up to 700 are tolerable. However, the clear objective is not to exceed the 150 mark in this segment either, in the interest of sustainable business and combating the climate crisis. The measures are already having an effect: compared to 2021, emissions from refrigerant leakage have fallen by 3.5 percent.

Mobility of people and goods

SPAR distributes goods from warehouses to SPAR stores differently in each country. In Austria and Hungary, the majority of goods are delivered to the stores by SPAR's own fleet of trucks. In addition, external service providers are used for transport logistics, which cover special transport tasks and also seasonal peak times. At SPAR Croatia, the company's own trucks were put into operation for the first time in 2021, taking over some of the deliveries to stores instead of the service providers previously used. In the SPAR countries of Italy and Slovenia, as well as at Hervis, transport logistics are mainly outsourced to logistics companies. SPAR expects efficiency and security in deliveries through its own logistics operation.

The SPAR truck fleet is renewed every 8 years on average and continuously kept up to date with the latest technology. Every year, around 30 vehicles in Austria alone are replaced with the latest emissions standard. During operation, the vehicles are used as efficiently as possible and are therefore operated in multiple shifts. The truck routes are planned with the help of computerised efficiency criteria. The truck drivers are regularly trained in fuel-saving driving; in Hungary, the lowest possible fuel consumption is even a criterion for bonus payments for drivers. All trucks are equipped with a monitoring system that records route deviations and fuel consumption and sounds an alarm if deviations are above average. Part of this fuel-saving system is supported by the klimaaktiv fund of the Austrian Ministry for Climate Protection.

By 2050, SPAR also wants to have no fossil fuels in logistics. In contrast to passenger mobility, alternative drive systems are still in their infancy in goods logistics. Longer distances, additional power consumers such as cooling or loading board walls as well as total loads of up to 40 tonnes have so far presented vehicle manufacturers with major challenges. SPAR contributes to research and development by participating in various research projects and field tests. Together with other members of the Sustainable Logistics Council and under the scientific supervision of the University of Natural Resources and Applied Life Sciences Vienna, SPAR tested one of the first heavy-duty electric trucks in Europe in daily practical use until 2021. The findings from the test were passed on to the truck manufacturer for further development. SPAR deduced that a broad conversion of all SPAR trucks to electric operation is unrealistic for two reasons: On the one hand, the trucks are on the road in two-shift operation and therefore have to be charged during the half-hour lunch break. This rapid charging of 30-60 trucks per location would overload all networks. On the other hand, the technical standard of e-trucks is currently not yet suitable for food transport. The truck tested could neither have pulled a trailer nor travelled the usual route lengths. It would therefore not have been suitable for widespread use.

At the European level, SPAR has joined the petition of the European Federation for Transport and Environment to advocate for a mandatory quota of zero-emission vehicles among European carmakers. By 2025, European carmakers must emit 15 per cent less CO₂ from the vehicles they sell, and 30 per cent by 2030. If they sell at least two per cent zero-emission vehicles, they can reduce this reduction target to 12 per cent. Through this, SPAR hopes to see increased development of zero-emission vehicles and economically viable prices for commercial vehicles with alternative powertrains. In Austria, SPAR is actively promoting a national expansion plan for hydrogen commercial vehicles. The model for this is Switzerland, where numerous H₂ trucks are already on the road and the necessary service and refuelling infrastructure has been built. Within the framework of European initiatives, hydrogen routes should first be created on high-ranking road networks.

Hervis has outsourced most of its goods transport to external logistics companies. These increasingly rely on alternative drive technologies. For example, Logwin, Hervis' logistics partner in Vienna, has three e-transporters in operation for deliveries to Hervis' inner-city locations.

For personal mobility, SPAR increasingly relies on the already established and technically functioning drive alternatives. All employees are encouraged to choose a climate-friendly means of transport, especially for business trips. In Austria, for example, around 1.4 million passenger kilometres were travelled via OEBB (Austrian Federal Railways) and Westbahn in 2022. For company cars for personal use, employees are allocated a maximum amount depending on their position, internal CO₂ limits restrict the environmental impact of these vehicles, as do, for example, tax benefits for payments in kind.

For employees with company car entitlements in Austria, SPAR has created a new vehicle policy in 2022. This includes higher budget limits for zero-emission vehicles in order to make e-cars of comparable vehicle categories affordable for employees. The tax advantages (elimination of the benefit in kind) can additionally motivate employees to choose an e-car. For refuelling, SPAR either provides charging stations in personal parking spaces and charging cards for public stations or pays the costs for the refuelled electricity at home (up to a maximum amount per kWh).

Achieved reduction

With the increasing replacement of refrigeration systems and a higher share of electricity from emission-free sources, SPAR's greenhouse gas emissions have been steadily decreasing for many years. This decouples emissions from energy consumption, which has remained constant in recent years due to growing business and therefore only decreased in comparison to sales. SPAR was again able to reduce its own emissions (Scope 1 & 2) across the whole Group in 2022. In absolute terms, direct and indirect emissions of SPAR HOLDING AG fell by 27 per cent compared to the base year 2014; relative to the increased turnover (adjusted for inflation), SPAR was able to reduce greenhouse gases by as much as 42 per cent.

It is not possible to precisely quantify SPAR's greenhouse gas emissions in the upstream and downstream supply chain. With hundreds of thousands of products and a correspondingly large number of raw material sources, a more precise quantification of Scope 3 emissions is only possible by approximation. SPAR Austria estimated these emissions for the first time in a project in 2021 and identified the largest emission categories. Purchased goods and services with three quarters of scope 3 emissions and downstream transport with around 13 percent turned out to be the largest categories, as expected. Subsequent supply chain projects, such as those to increase the self-sufficiency of protein in Europe (see p. 51), or for climate-friendly customer mobility (see p. 83), SPAR tries to contribute to an ongoing reduction of emissions also upstream and downstream of the company. The estimation of these Scope 3 emissions for future reporting obligations will become one of the focal points in sustainability reporting in the next two years.

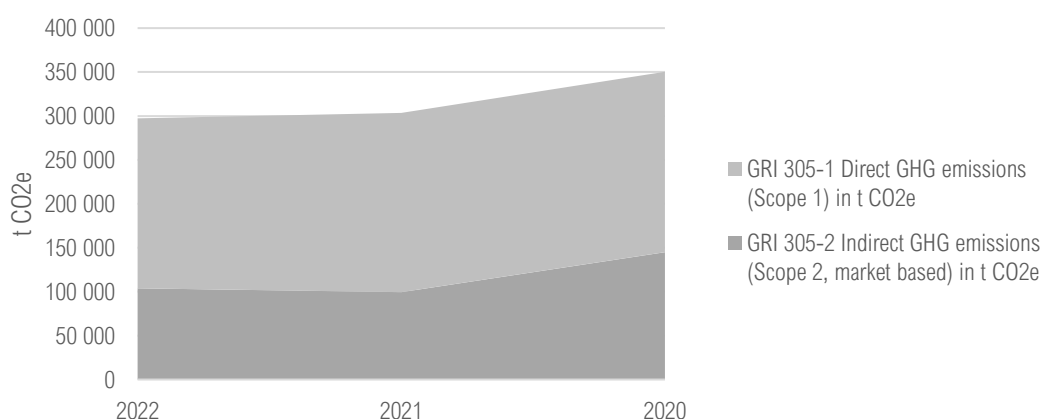
In 2022 SPAR has adopted new climate and energy targets that will be pursued across the Group with immediate effect. The new climate targets envisage an 80% reduction in absolute emissions by 2050 (sub-target 2030: -50%) from the base year 2014 (404,830 t CO₂e in Scope 1&2). The targets for Scope 1 & 2 thus correspond to a reduction of -4.2% p.a., which is necessary to contain global warming to a maximum of 1.5°C according to the IPCC.

GRI 305 GHG emissions

	2022	2021	2020	% to 2014
GRI 305-1 Direct GHG emissions (Scope 1) in t CO ₂ e	193.666	204.031	205.387	114%
GRI 305-2 Indirect GHG emissions (Scope 2, market based) in t CO ₂ e	103.799	99.510	144.891	44%
GHG emissions Scope 1 & 2	297.465	303.541	350.278	73%

GRI 305-1
GRI 305-2

GRI 305 Scope 1&2 Greenhouse gas emissions of the organisation

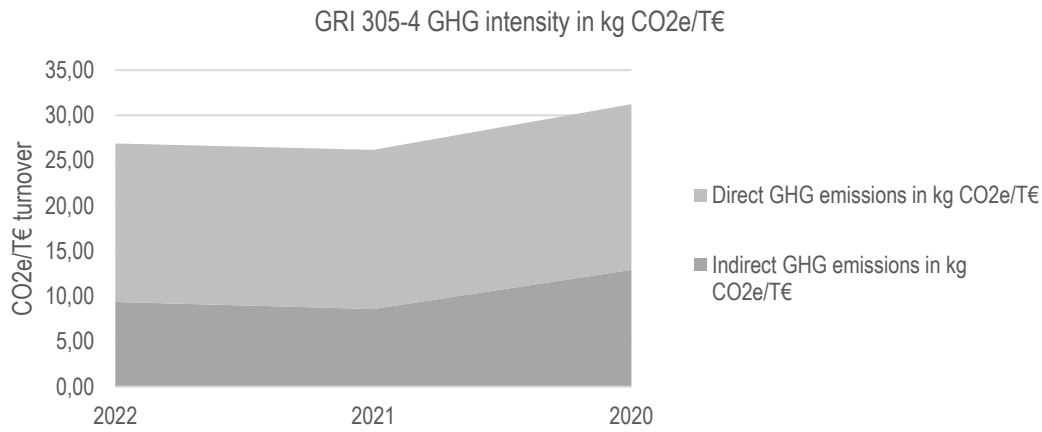


- 305-1b, 305-2c: All relevant greenhouse gases according to DEFRA are included in the calculation.
- 305-2b: Above indirect emissions are market-based. Applying location-based emission factors (AIB emission factors 2021), SPAR HOLDING emits 264,453 tonnes CO₂ of Scope 2 emissions in the reporting year 2022. In the previous year (IEA location-based emission factors 2021), SPAR HOLDING AG emitted 237,515 tonnes of CO₂ in Scope 2 emissions. Due to the change in emission factors, the two values are not comparable.
- 305-1c: None
- 305-1d, 305-2d: Not applicable
- 305-1e, 305-2e: Emission factors for electricity (market based) from regional suppliers (local suppliers in Austria, Germany, Croatia, Hungary, Slovenia and Italy) are updated annually as soon as the factors are available. The market-based factor for Romania and the Czech Republic is not available, therefore the location-based factor is also used for market-based data. Location based in the reporting year for all countries for electricity from AIB (2022), for district heating from IEA (2021), in the previous year both IEA (2021). Conversion factors for gas in Austria from Umweltbundesamt, conversion factors for refrigerants from IPCC, DEFRA and - if not available from them - from refrigerant manufacturers, all other data from DEFRA.
- 305-1f, 305-2f: Operational (quantity survey of all consumptions and conversion)
- 305-1g, 305-2g: Archibus environmental management system and service providers' accounts as sources, excel for consolidation

GRI 305-4 GHG intensity in kg CO₂e /T€

	2022	2021	2020	% to 2014
Direct GHG emissions in kg CO ₂ e/T€	17,50	17,60	18,32	91%
Indirect GHG emissions in kg CO ₂ e/T€	9,38	8,58	12,92	35%
Total GHG emissions/T€	26,88	26,19	31,24	58%

GRI 305-4



The greenhouse gas intensity per thousand euros of turnover increased in 2022 compared to the previous year. This can be explained by two factors. On the one hand, the turnover of the food trade was high in 2021, while inflation was comparatively low. On the other hand, in 2022 turnover did not increase to the same extent as inflation, so adjusted for inflation, turnover fell and thus the relativising variable to stable energy consumption.

5.2.4. Customer mobility

The "last mile" from the supermarket to the household has a decisive impact on the greenhouse gas balance of food shopping. According to the initial assessment of Scope 3 emissions, transport by customers to their homes accounts for around 13 per cent of total emissions in the upstream and downstream supply chain. SPAR is therefore pushing for the most climate-friendly customer mobility possible through:

- Central shopping centres and hypermarkets in cities for bulk purchases, area-wide supermarkets as regional local suppliers close to settlement areas
- Connection of the locations to the public transport and cycle path network
- Secure bicycle parking in all parking areas
- SPAR - together with energy suppliers - provides charging infrastructure for electric vehicles.

SPAR expects a significant increase in the number of e-cars in all countries where SPAR HOLDING operates. In Austria, the forecast is 74% by 2050. To promote e-mobility, there are charging stations for customers for e-cars and/or e-bikes at many SPAR locations.



Nine leading domestic electricity suppliers join forces with SPAR to expand the e-charging network for electric cars in Austria.

SPAR will strategically expand the range of e-charging stations for cars in the future and will expand the charging options depending on the size of the store. The medium-term target is a nationwide infrastructure with fast-charging facilities at all INTERSPAR, EUROSPAR and Maximarkt stores, where the dwell time is long enough to ensure that charging by customers pays off and that at least the amount of energy needed to get to and from the store can be recharged while shopping. Together with the Federal Association of Electric Mobility in Austria (BEÖ), SPAR has set itself the target of offering charging stations at at least 335 stores and shopping centres by 2025, and 500 locations by 2028. Several charging points with 22-150 kWh are planned per location. In Hungary, SPAR has been cooperating with an e-charging infrastructure operator for some time.

5.3. Contributions to the circular economy



<p>Strategic thrust</p> <ul style="list-style-type: none"> • Social Leadership <ul style="list-style-type: none"> ○ We take social responsibility towards our entire environment: ecology, politics, investors, employees, suppliers, customers etc. <p>Fields of action</p> <ul style="list-style-type: none"> • Waste prevention, collection and recycling <p>Targets</p> <ul style="list-style-type: none"> • All countries: SPAR reduces plastic packaging by 20% by 2025 (base year 2020). <p>Contribution to SDGs</p> <ul style="list-style-type: none"> • Goal 12: Ensure sustainable consumption and production patterns <ul style="list-style-type: none"> ○ 12.5 Significantly reduce waste generation by 2030 through prevention, reduction, recycling and reuse. <p>Key figures according to GRI</p> <ul style="list-style-type: none"> • 306-1 Waste generated and significant waste-related impacts (2020) • 306-2 Management of significant waste-related impacts (2020) • 306-3 Waste generated (2020) • 306-4 Waste diverted from disposal (2020) • 306-5 Waste directed to disposal (2020)
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Since the founding of SPAR in Austria, the company has been committed to "minimising the amount of waste that goes to the household". This was already stated in the consumer declaration of 1971, which the then SPAR Österreichische Warenhandels AG committed to upholding vis-à-vis consumers and politicians. The EU's targets also stipulate that by 2030 all plastic packaging should be recyclable, the consumption of single-use plastics should be reduced and the deliberate use of microplastics should be limited. SPAR is contributing to this target through targeted packaging reduction measures where it makes sense to include the entire supply chain (see p. 36).

Waste is generated during the production of products, the ongoing operation of retail locations and the consumption of products. Different types of waste are produced in SPAR's own production facilities: Meat processing generates offcuts and slaughter by-products such as bones or animal fats, which are valuable raw materials and are therefore resold. The processing of fruit and vegetables for convenience products produces offcuts that are handed over to the respective municipalities for disposal and composting. Frying oils are collected separately and are raw material for bio-diesel, for example. In the bakeries there is overproduction of bread and pastries that cannot be sold by markets; these are largely passed on for animal feed, if this is legally possible, or are composted. And at REGIO, coffee is roasted, which causes the bean skins of the coffee beans to peel off. These are passed on locally as fuel. Packaging materials are used in all production plants, some of which cause waste, for example in the packaging of meat and sausage. These are collected and passed on to recovery systems for high-quality recycling.

GRI 306-1
GRI 306-2

Packaging is put into circulation at SPAR production facilities as well as at suppliers and logistics within the SPAR Group. In all countries in which SPAR is active, this packaging is exempted from obligations under extended producer responsibility (EPR) regimes. SPAR discharges all packaging put into circulation by SPAR's own production facilities and all packaging imported by SPAR to national EPR systems, for example in Austria to Altstoff Recycling Austria (ARA) or in Slovenia to RECIKEL. These systems are subject to strict legal reporting and control obligations. They ensure waste management, collection and recycling. Packaging that is put into circulation for the first time by suppliers in the countries must be released from obligations by them. Therefore, SPAR has no information on the total amount of packaging distributed in SPAR and Hervis stores.

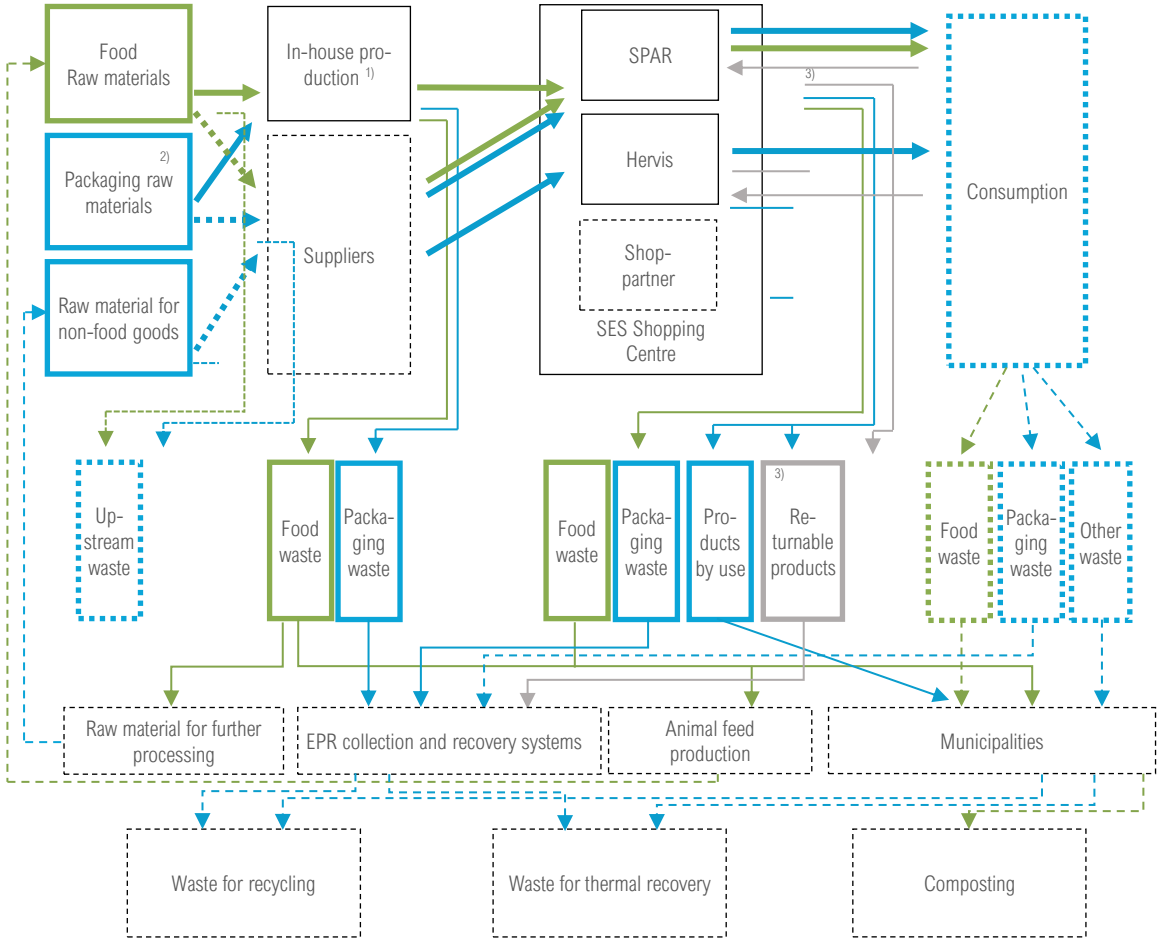
SES shopping centres operate a bundled waste collection and disposal system for all shopping partners and the general centre areas. All waste is collected separately wherever possible and handed over to regional recycling systems or municipalities. A special case in waste collection are products for which there is a take-back obligation by distributors. Among other things, SPAR takes back batteries in all countries that have been put into circulation by SPAR and Hervis or by other retailers. These are collected and passed on to competent waste recyclers. Waste electrical equipment is also taken back when new equipment is sold or also voluntarily at locations. In addition, Croatia currently has

a deposit system for non-returnable plastic bottles, which requires SPAR to take back all plastic bottles with a deposit. Work is underway to introduce such systems in Slovenia, Hungary and Austria.

Effects of the different wastes generated in the production within SPAR HOLDING or by the consumption of SPAR HOLDING products are very different and can be divided into three major groups:

- Packaging waste: Packaging is often indispensable for transportability, the possibility of self-service and product protection (shelf life and quality). Packaging can be made of glass, paper, plastic, metal or mixtures thereof. The production of packaging and the extraction of necessary raw materials such as iron, aluminium, petroleum or wood can affect habitats and produce emissions. Conversely, packaging can significantly extend the shelf life of products - especially food - and thus prevent food waste. The economical use of packaging and the recyclability of packaging materials is essential in order to become less dependent on primary raw materials. All packaging is licensed by SPAR or the supplier in a system of extended producer responsibility, which manages the collection of packaging. However, if consumers do not put this packaging in the designated collection, negative environmental impacts can occur, for example through littering. Collected packaging can be recycled in different proportions; this percentage is higher for metal and paper than for plastic. The latter is reprocessed and recycled, incinerated for energy production or landfilled, depending on the capabilities of the recycling companies in the countries. The EU's circular economy strategy aims to increase the recycled share to at least 55 per cent from 2030.
- Product waste is all those sold products that are no longer needed after their useful life and are therefore disposed of. This waste may contain recyclable materials and therefore be recycled, such as old appliances or batteries, which SPAR takes back in all countries. Products that cannot be recycled after use are incinerated or landfilled for energy generation, depending on country legislation, which can result in emissions, water pollution and habitat degradation, for example through landfill, depending on the product composition.
- Food waste is a special case of product waste. According to UNEP, around 17 per cent of the food produced worldwide ends up in the rubbish, which has different consequences. On the one hand, energy, fertilisers and water are used to produce this food, which can cause emissions, water scarcity and overfertilisation. On the other hand, depending on the method of disposal, the food scraps themselves can be recycled into compost and thus become the basis for new food, or they can be disposed of without composting and emit climate-damaging gases during the decomposition process.

The following process flow helps to understand the waste generated within the value chain of SPAR, Hervis and SES. For the sake of simplicity, the individual country organisations are not shown and only a schematic representation of the different business sectors of food retailing, sports retailing and shopping centres is given.



Explanations:

Company	Goods/Raw materials Non Food	Goods/Raw materials Food
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SPAR does not have any information on dashed parts.

¹⁾ SPAR's own TANN/REGNUM production plants primarily process meat, vegetables, fruit and bakery products into meat, sausage and convenience items; SPAR bakeries primarily process grains and cereals, and the REGIO coffee roasting and tea packaging plant processes coffee, tea, herbs and dried fruit.

²⁾ Extended producer responsibility schemes are established in all countries where SPAR operates. Packaging quantities that SPAR processes itself or imports with products are exempted from obligations in the systems and thus the costs for separate collection are financed. Packaging material that SPAR suppliers bring into circulation in the countries is exempted from obligations by them.

³⁾ Depending on the legal requirements of the countries, some products have to be taken back by the distributor. At SPAR, for example, this applies to batteries and waste electrical equipment. SPAR also participates in reusable systems, these containers are returned in stores and returned to fillers. SPAR also takes back other recyclable materials voluntarily at locations in some countries.

5.3.1. Reusable systems and recyclable material cycles

Within the company and along the supply chain, SPAR already uses reusable systems in many cases.

Reusable transport containers in logistics

SPAR uses various reusable systems for deliveries to the stores in order to save on over-packaging. Dry goods delivered from the central warehouse in Wels via the branches or directly to stores are packed in green reusable folding boxes. For fruit and vegetables, SPAR was one of the first retailers to use the ifco deposit system. The foldable reusable crates largely replace cardboard and wooden crates for fruit and vegetables along the entire transport route from the farmer/packer to the supermarket. In 2022, SPAR in Austria put the new central warehouse for fresh produce into operation, from which nationally distributed fresh produce is distributed that cannot be kept in stock in every regional warehouse due to small quantities. Reusable boxes - now in blue - are also used for these goods. After the goods have been sold, all folding boxes are folded up to save space and returned to the head offices via the existing SPAR logistics system. For fresh meat and sausages from their own production, the TANN meat plants also use reusable tubs that are used in production and delivery. SPAR regularly cooperates with research institutions and suppliers to introduce new reusable systems.

Reusable and one-way deposit systems for beverages

SPAR carries beverages in reusable packaging in all countries. In Austria, SPAR is the leader among the nationwide retailers and offers beer, mineral water, fruit juice, lemonades and milk in reusable bottles in every store. These containers are collected and returned in the stores. With a reusable quota of more than 25% of the volume sold, SPAR in Austria already meets the value in 2022 that will be required by law from 2025.

More and more countries are introducing deposit systems for the majority of beverages in one-way packaging. In Croatia, a return system for one-way beverage packaging has been in place since 2006, with SPAR participating as a return taker. Hungary and Slovenia are also planning to introduce one-way deposit systems. In Austria, it has been decided to introduce a one-way deposit system from 1.1.2025. SPAR participates as a member in the newly founded one-way deposit association in order to promote the smooth introduction and to protect the interests of the retailers in the deposit system.

5.3.2. Recyclables collection at SPAR

SPAR is increasingly trying to make packaging that cannot be avoided recyclable. This requires, on the one hand, appropriate technical packaging design and, on the other hand, the actual collection of recyclables by commercial and household consumers. In SPAR locations, recyclable packaging of the commercial waste fractions such as over-packaging made of plastic or cardboard as well as wood is collected separately from biogenic waste and residual waste. The recyclable materials are brought to the warehouses via the existing SPAR logistics and processed there for recycling by partner companies. Biogenic waste and residual waste are collected partly by private waste disposal companies and partly by municipal companies due to legal restrictions. These take the residual waste and biogenic waste to the processing prescribed in the federal provinces. For the disposal of hazardous waste, SPAR commissions specialised companies to provide appropriate treatment. SES has already optimised waste separation in the Austrian centres several years ago. In the waste collections of the centres, residual waste is charged according to the polluter-pays principle by means of a residual waste weighing system.

In 2022, a total of around 190,916 tonnes of waste was generated within SPAR HOLDING, around 78% of which consisted of recyclable packaging made of cardboard, metal, glass, wood and commercial plastic films, as well as compostable waste. The approximately 2 per cent or 3,762 tonnes of hazardous waste is largely made up of oil produced in the grease separators of the restaurants (over 2,800 tonnes) and batteries (214 tonnes) that were returned to SPAR by consumers and cannot be separated from the batteries consumed by SPAR.

Waste by composition in metric tonnes (t)

Composition of the waste	2022			2021*			2020		
	Waste generated (306-3-a)	Waste diverted from disposal (306-4-a)	Waste forwarded for disposal (306-5-a)	Waste generated (306-3-a)	Waste diverted from disposal (306-4-a)	Waste forwarded for disposal (306-5-a)	Waste generated (306-3-a)	Waste diverted from disposal (306-4-a)	Waste forwarded for disposal (306-5-a)
Residual waste	41 110 t	0 t	41 110 t	40 519 t	0 t	40 519 t	38 665 t	0 t	38 665 t
Biogenic waste	40 573 t	40 573 t	0 t	38 489 t	38 489 t	0 t	44 310 t	4 310 t	0 t
Paper	90 851 t	90 851 t	0 t	98 103 t	98 103 t	0 t	90 482 t	90 482 t	0 t
Plastic	10 509 t	10 509 t	0 t	11 368 t	11 368 t	0 t	9 983 t	9 983 t	0 t
Metal	1 209 t	1 209 t	0 t	1 363 t	1 363 t	0 t	998 t	998 t	0 t
Glass	1 073 t	1 073 t	0 t	1 053 t	1 053 t	0 t	1 030 t	1 030 t	0 t
Wood	1 829 t	1 829 t	0 t	2 325 t	2 325 t	0 t	2 372 t	2 372 t	0 t
Hazardous waste	3 762 t	3 038 t	724 t	3 615 t	3 046 t	570 t	4 195 t	3 746 t	449 t
Total waste	190 916 t	149 028 t	41 834 t	196 835 t	155 747 t	41 088 t	192 034 t	152 920 t	39 114 t

GRI 306-3
GRI 306-4
GRI 306-5

Waste diverted from disposal by a recovery process in metric tonnes (t)

Off-site (306-4-d-ii)	2022		2021*		2020	
	Hazardous waste	Non-hazardous waste	Hazardous waste	Non-hazardous waste	Hazardous waste	Non-hazardous waste
Preparation for reuse	0 t	0 t	0 t	0 t	0 t	0 t
Recycling	3 038 t	105 468 t	3 046 t	114 212 t	3 746 t	104 864 t
Other recovery / composting processes**	0 t	38 910 t	0 t	38 489 t	0 t	44 310 t
Total	3 038 t	146 044 t	3 046 t	152 701 t	3 746 t	149 174 t

306-4-d-i: The quantity in metric tonnes (t) of waste diverted from disposal by a recovery operation at a site is 0 t for each line.

306-4-b, 306-4-c: The total quantity corresponds to the quantity off-site

Waste forwarded for disposal through a disposal process in metric tonnes (t)

Off-site (306-5-d-ii)	2022		2021*		2020	
	Hazardous waste	Non-hazardous waste	Hazardous waste	Non-hazardous waste	Hazardous waste	Non-hazardous waste
Combustion (without energy recovery)	0 t	0 t	0 t	0 t	0 t	0 t
Combustion***	0 t	41 110 t	0 t	40 519 t	0 t	38 665 t
Landfill	0 t	0 t	0 t	0 t	0 t	0 t
Other disposal methods	724 t	0 t	570 t	0 t	449 t	0 t
Total	724 t	41 110 t	570 t	40 519 t	449 t	38 665 t

306-5-d-i: The quantity of waste in metric tonnes (t) forwarded for disposal by a disposal operation at the site is 0 t for each line.

306-5-b, 306-5-c: The total quantity corresponds to the off-site quantity.

* Two corrections were made for the reporting year 2021. 1. Due to incorrect references in a data list, some values were taken over from the reporting year 2020 in 2021; these have been corrected in the above tables. 2. Residual and organic waste quantities of the branches in individual regions in Austria were corrected retrospectively for the reporting year 2021. Vienna: At some locations, waste disposal is not the responsibility of SPAR, but of the respective property management. The number of containers or collection intervals of these locations were newly entered for 2022, the update already applies to the previous year, Vorarlberg: Some locations already had residual waste weighing in 2021, the originally extrapolated values were replaced by the weighed values. The counting method for residual and organic waste of the branches in Upper Austria was incorrect in 2021 and was therefore reworked for 2022. However, it is not possible to make a meaningful comparison with the previous year due to lack of sufficient data.

** Composting for non-hazardous waste, corresponds here to biogenic waste

*** For hazardous waste without energy recovery, for non-hazardous waste with energy recovery



As a food retailer, sports retailer and shopping centre operator, SPAR HOLDING bears social responsibility in the SPAR countries. The number of people who need support in various life situations has increased in times of pandemic and inflation. SPAR helps quickly and in an uncomplicated way where help is needed and not only in times of crisis. Supporting charitable organisations and local associations, often in the form of long-term partnerships, as well as raising awareness among customers is part of SPAR's practice.

6.1. Food distribution to charitable organisations



<p>Strategic thrust</p> <ul style="list-style-type: none"> • Social Leadership <ul style="list-style-type: none"> ○ We take social responsibility towards our entire environment: ecology, politics, investors, employees, suppliers, customers, etc. <p>Fields of action</p> <ul style="list-style-type: none"> • Food distribution to social organisations <p>Targets</p> <ul style="list-style-type: none"> • Austria: SPAR maintains the number of locations that donate food to social organisations at almost 100 per cent (based on all locations in the vicinity of which there is a social organisation). <p>Contribution to SDGs</p> <ul style="list-style-type: none"> • Goal 12: Ensure sustainable consumption and production patterns <ul style="list-style-type: none"> ○ 12.3 By 2030, halve per capita global food waste at retail and consumer levels and reduce food losses along the production and supply chain, including post-harvest losses. <p>Key figures</p> <ul style="list-style-type: none"> • SPAR KPI: Locations with social cooperations
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Growing, processing and transporting food requires many resources. So wasting them is not only morally reprehensible, but also a burden on the environment, as resources are consumed for nothing. The food trade causes only a small part of the total food waste. Nevertheless, SPAR implements various measures against food waste (see chapter 3.3.2), such as provisions for longer shelf life, customer information and passing on to social institutions. The company thus contributes to SDG 12 "Halve per capita food waste at retail and consumer levels and reduce food losses along the production and supply chain, including post-harvest losses".

GRI 3-3

All systems at SPAR are designed not to waste anything and to sell as many ordered products as possible. The few leftovers that remain in the stores despite sales are passed on according to a defined hierarchy. In countries where this is permitted, SPAR donates food that is still good but no longer sold to social organisations. In Austria and Italy, every store that has a food bank, social market or other social organisation in its area passes on unsaleable food. SPAR Slovenia cooperates with the Lions Club in the campaign "Donirana hrana" and three other organisations. Food with a total value of around € 1.2 million was donated in 2022. In Croatia, bread and pastries that are still good but no longer sold have been given to Caritas by SPAR since 2005. In addition, in cooperation with the Ministry of Agriculture, food that is still fit for consumption is given away via an IT platform. Food with an original retail value of over € 458,000 was donated via this platform in 2022. In Hungary, since 2022, food must be given to state-defined organisations 14 days before reaching the best-before date. SPAR has been working with one of these organisations – the Maltese Charity Service - for many years and continued the cooperation in 2022. In addition to the unsaleable goods, SPAR customers again had the opportunity to buy food between September and December 2022 and donate it to the Maltese Charity Service. More than 33,000 kg of food was collected.

In 2022, social organisations collected around 6,390 tonnes of food from SPAR locations in Austria and 1,400 tonnes in Italy. SPAR works with regional food bank organisations and social markets to do this. In addition, Slovenia, Croatia and Hungary have strengthened their cooperation with social organisations.

SPAR KPI

Reducing food waste in households

The largest share of food waste comes directly from households - often because too large quantities have been purchased, often pre-packaged. The most important measure against food waste at SPAR is therefore the possibility of shopping in service. At the service counters, customers can buy the exact amount of meat, sausage, cheese, fresh fish and bread they actually need. Unlike pre-packaged bulk products, there are no precious fresh products left over, which cause a lot of CO₂ in production. SPAR offers quantity promotions such as 1+1 or 2+1 free of charge, despite many speculations that this would encourage more shopping. This way, seasonally overproduced food can be sold better. In addition, larger families, for example, deliberately take advantage of these promotions to buy at favourable

prices. In the so-called dry assortment (rice, pasta, cereals, flour, etc.), shelf life periods are very long and spoilage is therefore low. Nevertheless, SPAR also offers filling stations at selected locations where purchases can be made by the gramme.

Customer information on careful food handling

In addition to the possibility of precise shopping, SPAR regularly provides information in its own media on ways to avoid food waste in households - from instructions for targeted shopping (shopping lists, weekly plans) to correct storage and recipes for leftover food. In Austria, SPAR offers leftover recipes on www.spar-mahlzeit.at, in Italy DESPAR provides information on the topic in the magazine Di Vita.

6.2. Customer information for sustainable living

Nutrition and general lifestyle have an impact not only on health and well-being, but also on climate, environment and nature. In order to encourage customers to buy more products with positive health benefits, only offering them is not enough. The benefits and recommendations for a more conscious lifestyle must be actively communicated. The same applies to products that have less negative or positive impacts on people and the environment along the supply chain. To this end, SPAR uses its own media and public campaigns on innovative products, balanced diets and more sustainable lifestyles in general.

The SPAR Mahlzeit! magazine in Austria, including its online presence at www.spar-mahlzeit.at, provides information on current nutrition trends as well as sustainability initiatives at SPAR, for which a separate section is reserved in the "Environment & Social Issues" chapter of the magazine. The magazine, which is published six times a year, has a readership of around two million. Topics include the preservation and promotion of biodiversity and sustainable purchasing in relation to packaging and food waste. In addition to the customer magazine, SPAR dedicates an entire leaflet to "green" products once a year. The SPAR leaflet is sent by post to around two million households in Austria and only advertises products that have sustainable added value, for example because they are organically grown, come from responsible fishing or contribute to climate protection. At www.spar.at/nachhaltigkeit, consumers can also find a wealth of information and tips for a more sustainable lifestyle.

SPAR Hungary provides ongoing information on its own sustainability website <https://www.sparafenntarthato-jovoert.hu/> on the environment and workers, healthier lifestyles and food safety. The website is disabled-friendly and adapted for users with visual impairments.

SPAR Slovenia has been publishing the customer magazine "PLUS" since 2021, with the three main themes of cuisine, healthy lifestyle and sustainability. In addition to recipes for cooking enthusiasts, the two issues devoted a lot of attention to modern nutrition practices. Articles also presented SPAR's efforts and offers for environmental protection, sustainable shopping, promoting entrepreneurship and reducing plastic consumption.

DESPAR Italy starts with the youngest and teaches them, and indirectly also their families, about the benefits of high-quality food in a playful way. The programme "Le buone abitudini" consists on the one hand of a website <https://www.lebuoneabitudini.despar.it> with games, puzzles and learning materials suitable for children and on the other hand of a programme for schools that includes five courses for different age groups. The teaching staff is provided with teaching materials to carry out the courses independently with the pupils. DESPAR provides information about these programmes and other measures for a more conscious lifestyle through the Casa di Vita programme and the accompanying quarterly magazine "Di Vita". With video instructions for fitness programmes, seasonal recipes and information from the region, customers are encouraged to adopt a more sustainable lifestyle.

6.3. Cooperation with social organisations and support for sport, art and culture

<p>Strategic thrust</p> <ul style="list-style-type: none"> • Social Leadership <ul style="list-style-type: none"> ○ We take social responsibility towards our entire environment: ecology, politics, investors, employees, suppliers, customers, etc. <p>Fields of action</p> <ul style="list-style-type: none"> • Support for civil society organisations <p>Targets</p> <ul style="list-style-type: none"> • Generate a positive image as a company that supports civil society organisations <p>Contribution to SDGs</p> <ul style="list-style-type: none"> • Goal 10. Reduce inequality within and between countries <ul style="list-style-type: none"> ○ 10.2 By 2030, empower all people regardless of age, gender, disability, race, ethnicity, origin, religion or economic or other status and promote their social, economic and political inclusion. <p>Key figures according to GRI</p> <ul style="list-style-type: none"> • SPAR KPI: Percentage of donations to aid organisations when a new SPAR store is built or renovated.

SPAR also assumes social responsibility towards people and society in all countries and business sectors. The company has numerous, often long-standing partnerships with social organisations. In addition to direct financial support, SPAR uses various fundraising campaigns to draw attention to people who need help for a variety of reasons. The company is also active in sponsoring sports, art and culture. In total, SPAR donated several million euros to sporting and cultural events, regional organisations and social causes.

In Austria, for example, SPAR is one of the largest donors to Licht ins Dunkel. The INTERSPAR subsidiary has been a partner of SOS Children's Villages and DEBRA Austria for many years. Every time a new or renovated SPAR store opens, a donation is handed over to an aid organisation in the respective location.

SPAR KPI



SPAR takes action against violence: The cash receipt draws attention to emergency numbers throughout Austria for 16 days.

Beyond financial support, SPAR is also committed to other social issues. In Austria, for example, SPAR regularly offers low-threshold information on violence protection and possible ways out of violent living conditions. At SPAR in Austria, there are more than two million payment transactions every day. Therefore, many potential victims can be reached via the checkout receipts. Therefore, at the end of 2021, women's helpline numbers were printed at the end of the till receipts for the first time. A phone call can be the first step towards a new, violence-free life. Such campaigns were also carried out throughout Austria in 2022 around the International Day of Remembrance for all women and girls who have been victims of violence. In addition, posters and folders in the stores provide information about possible ways out of violence. Employees are also specially sensitised to this topic in internal training sessions. ASPIAG Service started a project against violence in 2021 in cooperation with the police in Veneto. More than 75,000 leaflets were produced to raise awareness about gender-based violence, bullying, addiction and online fraud.

7. Appendix

7.1. GRI Content Index

Statement of use

SPAR HOLDING AG has reported the information cited in this GRI Index for the period 1 January 2022 to 31 December 2022 in accordance with the GRI Standards (2021).

GRI 1 used

GRI 1: Foundation 2021

Applicable GRI Sector Standard(s)

None of the existing sector standards are applicable.

General disclosures

		SASB	SDG	
GRI 2: General disclosures 2021	2-1 Organisational details	SPAR HOLDING AG, p. 7 Corporate headquarters: Salzburg		
	2-2 Entities included in the organisation's sustainability reporting	p. 7, reporting boundaries are consistent with the consolidated financial statements according to IFRS.		
	2-3 Reporting period, reporting frequency and contact point	1.1.22 - 31.12. 22 Annually Lukas Wiesmüller, Head of Sustainability, lukas.wiesmueller@spar.at		
	2-4 Correction and/or restatement of information	p. 8		
	2-5 External assurance	p. 8, In order to increase credibility and comparability, this sustainability report was subject to a limited assurance engagement by Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H..		
	2-6 Activities, value chain and other business relationships	Trade in food, sports and fashion articles as well as construction, operation and management of shopping centres, p. 8ff https://www.spar.at/unternehmen/daten-fakten	8.7	
	2-7 Employees	p. 58ff	8.5, 10.3	
	2-8 Workers who are not employees	p. 61		
	2-9 Governance structure and composition	p. 10f		
	2-10 Nomination and selection of the highest governance body	p. 10		
	2-11 Chair of the highest governance body	p. 10		
	2-12 Role of the highest governance body in overseeing the management of impacts	p. 10		
	2-13 Delegation of responsibility for managing impacts	p. 11		
	2-14 Role of the highest governance body in sustainability reporting	p. 11		
	2-15 Conflicts of interest	p. 10		
	2-16 Communication of critical concerns	p. 13		

2-17 Collected knowledge of the highest governance body	p. 10	
2-18 Evaluation of the performance of the highest governance body	p. 12	
2-19 Remuneration policies	p. 12	
2-20 Process to determine remuneration	p. 12	
2-21 Annual total compensation ratio	p. 12	
2-22 Statement on the Sustainable Development Strategy	p. 4	
2-23 Policy commitments	p. 13	
2-24 Embedding policy commitments	p. 13	
2-25 Processes to remediate negative impacts	p. 13	
2-26 Mechanisms for seeking advice and raising concerns	p. 13	
2-27 Compliance with laws and regulations	p. 25	16.5.
2-28 Membership associations	Chamber of Commerce of the respective countries, Trade Association, EuroCommerce, SPAR International, respACT, ARGE Gentechnik-frei, ARGE Nachhaltigkeit, Council for Sustainable Logistics, Association Donau Soja	
2-29 Approach to stakeholder engagement	p. 14ff	
2-30 Collective bargaining agreements	p. 12, In Austria regulated by law, therefore 100%, in Hungary wage negotiations with the trade union of commercial employees KASZ, in other countries no collective agreement regulation	FB-FR-310a.2

Material topics

GRI 3: Material topics 2021	3-1 Process to determine material topics	p. 14ff	
	3-2 List of material topics	p. 17ff, Customer health and safety GRI 416, Supplier environmental assessment GRI 308, Supplier social assessment GRI 414, Anti-corruption GRI 205, Anti-competitive behaviour GRI 206, Energy GRI 302, Emissions GRI 305, Waste GRI 306, Training and education GRI 404, Occupational health and safety GRI 403, Employment GRI 401, Economic performance GRI 201	
	3-3 Management of material topics	The management approaches are presented in the chapters or integrated into the description of the measures.	

Material topic: Regional purchasing and security of food supply

GRI 3: Material topics 2021	3-3 Management of material topics	p. 27ff	
GRI 204: Procurement practices (2016)	204-1: Proportion of spending on local suppliers	p. 28f, Development of a concrete indicator is planned as soon as legal reporting requirements (EU taxonomy, NFRD) are specified. It does not always make sense to report expenditure for direct suppliers, as no conclusions can be drawn about the origin of food raw materials.	2.1, 2.2

Material topic: Conscious nutrition			
GRI 3: Material topics 2021	3-3 Management of material topics	p. 33ff	FB-FR-260a.2
SPAR KPI	Number and turnover of organic own-brand products	p. 34	

Material topic: Impact of products on the environment and people along the supply chain			
GRI 3: Material topics 2021	3-3 Management of material topics	p. 43ff	FB-FR-430a.3
GRI 308: Supplier environmental assessment (2016)	308-1: New suppliers what were screened using environmental criteria	p. 45ff, In Austria, 100 per cent of food suppliers were last subjected to a risk assessment in 2020 and proof of compliance with environmental and social standards was demanded from suppliers from risk countries.	14.7
GRI 414: Supplier social assessment (2016)	414-1: New suppliers that were screened using social criteria		8.7, 8.8

Material topic: Biodiversity			
GRI 3: Material topics 2021	3-3 Management of material topics	p. 48f	
GRI 304: Biodiversity (2016)	304-2: Significant impacts of activities, products and services on biodiversity	p. 49ff, data basis for the description of the impacts currently not yet available (implementation in planning with ERSR introduction)	14.7 15.5.

Material topic: Quality and safety of products and services			
GRI 3: Material topics 2021	3-3 Management of material topics	p. 55f	FB-FR-230a.2
GRI 416: Customer health and safety (2016)	416-1 Assessment of the health and safety impacts of product and service categories	p. 55f, 100 % - SPAR is legally obliged to ensure that all products placed on the market are safe for health. SPAR's quality management continuously checks the entire product range and carries out special inspections as required.	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	p. 56	FB-FR-250a.1 FB-FR-250a.2

Material topic: Business ethics and correct business behaviour			
GRI 3: Material topics 2021	3-3 Management of material topics	p. 24f	
GRI 205: Anti-corruption (2016)	205-3 Confirmed incidents of corruption and actions taken	In case of cause, the Corporate Audit Department investigates possible cases of corruption on behalf of the Holding Management Board. There were no incidents of corruption in the reporting period.	16.5
GRI 206: Anti-competitive behaviour (2016)	206-1 Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	There were no relevant violations during the reporting period.	16.5

Material topic: Economically sustainable development

GRI 3: Material topics 2021	3-3 Management of material topics	p. 23f	
GRI 201: Economic performance (2016)	201-1: Direct economic value generated and distributed	Consolidated Financial Statements of SPAR HOLDING AG at https://www.spar.at/unternehmen/daten-fakten	p. 24

Material topic: Qualification of employees

GRI 3: Material topics 2021	3-3 Management of material topics	p. 65	
GRI 404: Training and education (2016)	404-1 Average hours of training per year per employee	p. 67	
	404-2 Programs for upgrading employee skills and transition assistance	p. 65	4.4 4.7
SPAR KPI: Training	Degree of fulfilment of the mandatory training	p. 64	

Material topic: Employer attractiveness

GRI 3: Material topics 2021	3-3 Management of material topics	p. 58	
GRI 401: Employment (2016)	401-1 New employee hires and employee turnover	p. 60	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	p. 62	
SPAR KPI	Participation in employee survey	p. 64	
GRI 405: Diversity and equal opportunity (2016)	405-1 Diversity of governance bodies and employees	p. 62	5.5, 8.5, 10.3
	405-2 Ratio of basic salary and remuneration of women to men	p. 62	5.5, 8.5, 10.3

Material topic: Employee safety and health

GRI 3: Material topics 2021	3-3 Management of material topics	p. 68	
GRI 403: Occupational health and safety (2018)	403-1 Occupational health and safety management system	p. 68	
	403-2 Hazard identification, risk assessment and incident investigation	p. 68	8.8
	403-3 Occupational health services	p. 69	
	403-4 Worker participation, consultation and communication on occupational health and safety	p. 69	
	403-5 Worker training on occupational health and safety	p. 69	
	403-6 Promoting the worker health	p. 70	

403-7 Prevention and mitigation of occupational health and safety impacts directly linked to business relationships	p. 70
403-9 Work-related injuries	p. 71

Material topic: Energy consumption and climate protection

GRI 3: Material topics 2021	3-3 Management of material topics	p. 74f		
GRI 302: Energy (2016)	302-1: Energy consumption within the organisation	p. 78	FB-FR-110a.1 FB-FR-130a.1	7.2 13.1
	302-3: Energy intensity	p. 78, Explanation of the new targets on p. 74		13.1
GRI 305: Emissions (2016)	305-1: Direct GHG emissions (Scope 1)	p. 82	FB-FR-110b.1	13.1
	305-2: Indirect energy-related GHG emissions (Scope 2)	p. 82		13.1
	305-4: Intensity of GHG emissions	p. 82		13.1

Material topic: Circular economy

GRI 3: Material topics 2021	3-3 Management of material topics	p. 84		
GRI 306: Waste (2020)	306-1: Waste generated and significant waste-related impacts	p. 84		
	306-2: Management of significant waste-related impacts	p. 84		
	306-3: Waste generated	p. 88	FB-FR-150a.1	
	306-4: Waste diverted from disposal	p. 88	FB-FR-430a.4	12.5
	306-5: Waste directed to disposal	p. 88		

Material topic: Construction of buildings






GRI 3: Material topics 2021	3-3 Management of material topics	p. 73f		
GRI 302: Energy (2016)	302-3 Energy intensity	p. 78		







Material topic: Handling food

GRI 3: Material topics 2021	3-3 Management of material topics	p. 40f, 91		
SPAR KPI	Markets with social cooperation	p. 91	FB-FR-150a.1	2.1, 12.3

Indicators in bold are material.

7.2. Relevant SDGs and the contribution of SPAR HOLDING AG

SPAR contribution	Relevant SDG sub-goals	Key figures	Page in Report
<p>SPAR ensures the local supply of safe and tested food in all regions where SPAR HOLDING AG operates. Especially for people with low incomes, SPAR offers products of the SPAR brands in the entry-level price segment and donates unsaleable food to be given to those in need.</p> <p>SPAR is continuously working on adapting recipes to remove sugar, salt as well as palm oil from SPAR brands.</p>	<p> 2.1 "End hunger by 2030 and ensure that all people ... have year-round access to safe, nutritious and sufficient food."</p> <p>2.2 "End all forms of malnutrition by 2030...".</p>	<p>SPAR KPI, GRI 204</p> <p>GRI 304</p>	<p>p. 28</p> <p>p. 34</p>
<p>SPAR offers a comprehensive training and development programme for employees in all business areas, enabling professional and personal development right through to self-employment as a SPAR retailer.</p> <p>Among other things, SPAR employees receive further training on sustainable food production in the form of compulsory online training, which provides them with the necessary knowledge to advise customers.</p>	<p> 4.4 "By 2030, substantially increase the number of young people and adults who have the appropriate skills, including technical and vocational qualifications, for employment, decent work and entrepreneurship."</p> <p>4.7 "By 2030, ensure that all learners acquire the necessary knowledge and skills to promote sustainable development...".</p>	<p>GRI 404</p> <p>GRI 404</p>	<p>p. 65ff</p> <p>p. 65ff</p>
<p>Around three quarters of SPAR's employees are women, who take on leadership roles at all levels from stores to management.</p>	<p> 5.5 Ensure women's full and effective participation and equal opportunities in leadership roles at all levels of decision-making in political, economic and public life.</p>	<p>GRI 405</p>	<p>p. 62</p>
<p>SPAR obtains all of its electricity in Austria, and most of it in Italy, from renewable sources, is continuously expanding the number of photovoltaic installations on SPAR buildings and is contributing to research into new drive technologies for freight transport.</p>	<p> 7.2 Significantly increase the share of renewable energy in the global energy mix by 2030.</p>	<p>GRI 302</p>	<p>p. 79f</p>
<p>As of 31 December 2022, more than 76,000 people were employed by SPAR HOLDING AG. Salaries are based purely on the qualifications of the employees, not on gender or any diversity characteristics.</p> <p>In the general terms and conditions, SPAR HOLDING refers, for example, to compliance with the amfori BSCI Code of Conduct, which is based on the internationally recognised labour standards of the UN's International Labour Organisation.</p> <p>SPAR continuously improves occupational health and safety of the company's employees and contributes to compliance with social standards in the supply chain (e.g. by requiring compliance with the BSCI Code of Conduct, based on internationally recognised UN labour standards).</p>	<p> 8.5 Achieve full and productive employment and decent work for all women and men, including young people and people with disabilities, and equal pay for work of equal value by 2030.</p> <p>8.7 Take immediate and effective action to abolish forced labour, end modern slavery and human trafficking and ensure the prohibition and elimination of the worst forms of child labour and end all forms of child labour by 2025.</p> <p>8.8 Protect labour rights and promote safe working environments for all workers, including migrant workers, especially migrant workers, and people in precarious employment.</p>	<p>GRI 405</p> <p>GRI 414</p> <p>GRI 414, 403</p>	<p>p. 58ff</p> <p>p. 43ff</p> <p>p. 45, S. 68ff</p>

<p>SPAR does not store any data regarding diversity characteristics. The career progression of the employees depends purely on the respective qualification and professional commitment.</p>		<p>10.3 Ensure equal opportunities and reduce inequality of outcomes, namely by eliminating discriminatory laws, policies and practices and promoting appropriate legislative, policy and other measures in this regard.</p>	<p>GRI 405</p>	<p>p. 61f</p>
<p>For many years, SPAR has been taking various measures to ensure that as much food as possible is available for consumption and informs consumers about their options for avoiding food waste.</p> <p>In the SPAR Declaration of Confidence from the 1970s, SPAR committed itself to minimising the amount of waste that goes to households and to reusing it in a sensible way. To date, SPAR has pursued this strategy with a holistic view of product safety, shelf life and packaging.</p>		<p>12.3 Halve global food waste per capita at retail and consumer level by 2030...</p> <p>12.5 Significantly reduce waste generation by 2030 through prevention, reduction, recycling and reuse.</p>	<p>SPAR KPI</p> <p>GRI 306</p>	<p>p. 91</p> <p>p. 84ff</p>
<p>SPAR contributes to mitigating climate-related hazards by reducing greenhouse gas emissions along the entire supply chain.</p>		<p>13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.</p>	<p>GRI 302, 305</p>	<p>p. 80ff</p>
<p>SPAR Austria refrains from selling endangered fish species and fish of unknown origin. The entire fish range has been switched to more responsible sources and is assessed annually by WWF Austria.</p>		<p>14.7 By 2030, increase the economic benefits for Small Island Developing States and Least Developed Countries resulting from the sustainable use of marine resources, namely through sustainable management of fisheries, aquaculture and tourism.</p>	<p>GRI 304, 308</p>	<p>p. 50f</p>
<p>Through various purchasing standards such as the extensive avoidance of palm oil in SPAR brand products, the preference for regional food and the avoidance of pesticides such as glyphosate, SPAR contributes to the preservation of biodiversity.</p>		<p>15.5 Take urgent and significant action to reduce the degradation of natural habitats, halt biodiversity loss and protect and prevent the extinction of threatened species by 2020.</p>	<p>GRI 304</p>	<p>p. 48ff</p>
<p>Through comprehensive precautions in all relevant areas of the company, SPAR ensures that corruption is prevented or attempted bribery by external parties is known and prevented.</p>		<p>16.5 Substantially reduce corruption and bribery in all their forms.</p>	<p>GRI 205, 206</p>	<p>p. 24f</p>

Declaration of all legal representatives

This Sustainability Report covers the group-wide sustainability activities of SPAR HOLDING AG for the financial year 2022.

Salzburg, 2 June 2023

The Board of Directors of SPAR HOLDING AG



Friedrich Poppmeier
Chairman of the Board



Hans K. Reisch
Deputy Chairman of the Board



Paul Klotz
Member of the Board



Marcus Wild
Member of the Board



Markus Kaser
Member of the Board

External Assurance

The Sustainability Report 2022 of the SPAR Holding AG has been subjected to an independent external audit by Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. in accordance with the requirements set out in the GRI Standards (Update 2021) to obtain limited assurance. The external audit statement only applies to the German version of the Sustainability Report. The German version of the report can be downloaded at www.spar.at/nachhaltigkeitsbericht.

English Version of the Sustainability Report

This English Sustainability Report of the SPAR HOLDING AG is a translation provided for information purposes only. The original German text shall prevail in the event of any discrepancies between the English translation and the German original.

Imprint

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