

Letter to Mr. Ivan Chernev, CEO of Kaufland Bulgaria

Mr. Chernev, it has recently come to my knowledge that Kaufland Bulgaria and our partner denkstatt Bulgaria had developed the first Net Impact Assessment in the country. In my view, the report clearly demonstrates how Kaufland Bulgaria creates value for the Bulgarian economy and society. What is more, the study reaffirms the company's position as role model and country market leader as it communicates both the positives and the negatives of its overall impact.

There is little doubt that this pioneering effort will effectively place Kaufland Bulgaria on the map of the leading sustainability-oriented FMCG actors in Europe. In a local context, examining Kaufland Bulgaria's contribution to the economy, nature and people in Bulgaria can also be expected to contribute to shifting the overall business orientation regarding the transition towards sustainable development in the country. In more practical terms, Kaufland Bulgaria's radical drive towards full transparency can be expected to allow the company to better manage its impacts and its relationships with various stakeholders.

Most companies are already aware that their external impact adds value to society in multiple ways. Naturally, this happens through their products, but also through their relationships with stakeholders, which successful companies aim to actively manage. Stakeholder pressure is now increasingly demanding that companies take into account their external impacts on the environmental and social performance in their day-to-day activities. However, for most companies, the external impacts of their business activities remain practically intangible. These impacts are difficult to measure and communicate in line with the company's more tangible impacts such as financial performance. Sustainability accounting aims to bridge this gap. By putting a "price" on the intangible external impacts, it seeks to align the ripples business causes in the environment and society with the management of financial capital. By this, Kaufland Bulgaria makes an important contribution to sustainable development by developing a methodology for internalizing external costs.

We hope more and more companies will adopt this approach in strategy decision making and we welcome the news of such a company in Eastern Europe, where there are still few businesses that have such a mindset.

To conclude, let me extend my sincere compliments to denkstatt Bulgaria for their professional work and to Kaufland Bulgaria for the courage to be innovative and for taking the leading role in the transformation of business behaviour in the country.

sustainable AG is a consulting firm specializing in corporate responsibility, sustainable development and climate change based in Germany. The company develops sustainability and climate strategies, and also provides services in the fields of Sustainable Finance, Circular Economy and Supply Chain Management.



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