

**"FOR THE FUTURE WITH PLEASURE"**  
**Sustainable Development Report for 2022**







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## Ladies and Gentlemen,

With the pandemic barely behind us, 2022 proved to be another challenging year. The war beyond Poland's eastern border affected all of us at an emotional level. Whereas in terms of people and business, international trade and the entire supply chain of raw materials were badly disrupted. Today, the Confectionery Industry is facing the largest price hikes for 30 years when it comes to key raw materials. What is more, we are having to contend with energy price spikes and a destabilisation of the labour market. Our response has been the cultivation of an openness to change, and a determination to adopt new solutions. Our Sustainable Development Program, which is an integral part of our business strategy, remains the core determinant of our activity at Wedel. Despite many challenges, we have continued upon this course, reacting flexibly to the current geopolitical and economic situations; and looking for opportunities in the difficulties that we have encountered.

This report is the result of contributions made by people working in all areas of our company – from the management staff, through to the sales teams in the field, and to the production crew operating at the heart of our factory. We are particularly proud and grateful to all our staff at Wedel that during such a difficult time for everyone, we have managed to initiate a number of important processes related to the combatting of climate change. To this end, we have looked to create internal policies and engage with external stakeholders.

Naturally, the situation in Ukraine focused our attention strongly at the beginning of 2022. In solidarity with our neighbour and its citizens, we made a number of calls related to our commercial activities. In February, we suspended the export of products to Russia and Belarus. We also looked to support our employees of Ukrainian origin (through financial aid packages, additional vacation days, and psychological assistance). In addition, in cooperation with our social partners, such as the Praga-Południe District Office, City Hall Warsaw, the SOS Food Bank in Warsaw, the "Serduzko dla Dzieci" "A Heart for Children" Association, or the Fundacja Dobrych Inicjatyw "Good Initiatives Foundation", we delivered Wedel products to fixed or reception points along the Polish-Ukrainian border. What is more, through the Polish Centre for International Aid, we provided financial support to the residents of Ukraine.

In addition to our social commitments, which have been a part of our activities for years, in 2022 we decided to focus more on environmental issues. In the face of the climate crisis, being aware that our main resources are derived from nature, we realised that we cannot remain indifferent to the challenges that our world is facing. For the first time as an organisation, we began to work towards a cocoa certification within the international Rainforest Alliance system, and undertook preparations for an extended audit, which would also cover social guidelines. The audit was successfully completed in the first quarter of 2023, and our first Rainforest Alliance certified products have already made their appearance on the market.

The most important pro-environmental step for 2022 was to calculate our carbon footprint. For the first time, we committed to implementing a CO2 emission measurement in the organisation as a permanent element of our internal control and non-financial reporting. In 2022, calculations were carried out for the factory, taking into account all direct and indirect energy emissions and selected Scope 3 categories. This was the first and most important step when it came to preparing a decarbonisation strategy for our company. At a future stage, opportunities for reducing the emissions of individual greenhouse gases in the short to long term will be determined. Our strategic development is being conducted in accordance with the GHG Protocol methodology; and the representatives of all departments of the organisation, together with the management staff, are involved in its implementation. This company-wide engagement has enabled us to carry out a comprehensive analysis and to generate a series of tangible commitments.

The past year has shown how important it is to implement CSR and the Sustainable Development Program in dialogue with all our stakeholders. Thanks to this, our actions have made a measurable impact, and have been shown to be in keeping with our mission statement: "We are constantly changing so as to bring joy to both ourselves and our clients."

We invite you to read the report, as well as to join us on our journey of sustainable development – for a better and brighter future for us all.

**THE MANAGEMENT BOARD of LOTTE Wedel**





**TSUYOSHI FUKATSU**  
PRESIDENT OF THE  
MANAGEMENT BOARD

## Ladies and Gentlemen,

We are delighted to present here LOTTE Wedel's second sustainable development report, which confirms that ESG has become an integral element of our organisation. Today, for many companies, ESG is a legal obligation, so I am delighted that Wedel has already made strong inroads in this area. Given our 170-year history, we are aware of not only our responsibility to the business itself, but we also understand that our social and environmental impact must underpin the running of our company in what is a time of climate crisis.

Wedel's sustainable development strategy is based on strong foundations. In this regard, we not only celebrate the family nature of the company, but also the values and visions which it shares with the parent company, the global concern that is LOTTE, which places UN Sustainable Development Goals to the forefront of its activities. Only a clear understanding of the above goals, and incorporating them into the everyday life of the company, will pave the way for continued success. And as a company, we can also derive great satisfaction from the actions we take. We realise that such an undertaking would not be possible without the people who make up the Wedel community, which encapsulates diversity, mutual respect, and an ethical approach.

LOTTE Wedel consistently reports in accordance with GRI standards, and fulfils all related obligations arising from the Sustainable Development Goals program, thanks to which we can compare our initiatives with those of companies from around the world. This year, we have expanded the reporting scope to include the measuring of our environmental impact. I am particularly glad that we have initiated this difficult process, as it will bear fruit in the coming years, allowing us as a company to develop a climate strategy that will sustain us into the future. With this commitment to continue working towards a better future, I kindly invite you to read this report.







OD 1851  
*E. Wedel*

# 1. WEDEL – COMBINING TRADITION AND MODERNITY





# 1. Wedel – combining tradition and modernity

## 1.1 Company activity

2-6



As the owner of one of the oldest chocolate brands in Poland (E. Wedel), we have been producing the highest quality chocolate and other confectioneries since 1851. We are the third largest brand on the Polish chocolate market.<sup>1</sup>

Our iconic Ptasię Mleczko® is number one in the Praline category. The share of Ptasię Mleczko® marshmallows in the Praline category is at the level of 16.6%.<sup>2</sup> and Wedel's Bitter Chocolate 64% 90g is the leader in dark chocolate hard bars up to 149g<sup>3</sup>.

Our portfolio includes 212 different products: chocolate (bars, bars with soft centres or extras, and drinking chocolate), chocolate-covered marshmallows, cookies, wafer cakes and wafers, pralines, candies, candy bars, halva, sesame seed candy and ice cream. We can boast famous brands which have been adored for generations.

### *Just some of our celebrated Wedel brands*

- Ptasię Mleczko® (marshmallows, ice cream lolly),
- Mieszanka Wedlowska (candies in dark chocolate),
- Torcik Wedlowski (chocolate wafer with hazelnut cream filling),
- Pawełek (chocolate bars),
- E. Wedel Premium (chocolates with non-standard extras),
- Czekotubka (chocolate cream and ice cream in the squeezable version),
- Chałwa Królewska (halva),
- E. Wedel OH! (ice cream lolly).

***Our mission statement reads as follows: We are constantly changing so as to bring joy to both ourselves and our clients.***

Our offer also includes licensed products based on cooperation with other producers. These include, among others, E. Wedel muffins and donuts produced with Stockson or products with the image of the Minions of the Illumination Studio, which are the result of our cooperation with Universal Studios.

In response to the diverse needs of our Customers, we are expanding our dark chocolate offer, which includes bars containing 50%, 64% and 80% of the highest quality cocoa from Ghana - including the WW bar in a dark chocolate or Ptasię Mleczko® Vanilla in a very dark chocolate (80%).

The production of some of our products is still partly machine-free, thanks to which we are able to emphasise the artisanship and tradition behind the manufacturing of these products. Torcik Wedlowski is decorated by hand, and the halva mass is mixed by experienced operators who perform rowing-like movements with special paddles. Thanks to this, the halva achieves an appropriate elasticity and fibre structure; which cannot be obtained with mechanical mixing.

<sup>1</sup> E.Wedel for NielsenIQ - Retail Trade Panel, All of Poland with Discount Stores (Food), value sales, July 2022-June 2023, category: Candies

<sup>2</sup> E.Wedel for NielsenIQ - Retail Trade Panel, All of Poland with Discount Stores (Food), value sales, July 2022-June 2023, category: Candies, Pralines

<sup>3</sup> E.Wedel for NielsenIQ - Retail Trade Panel, All of Poland with Discount Stores (Food), value sales, July 2022-June 2023, category: Candies, dark hard chocolate bars up to 149g



# 1. Wedel – combining tradition and modernity

## 1.1 Company activity

In the E. Wedel portfolio we may find the following products:



**Ptasi Mleczko®**



**Mieszanka Wedłowska  
- Chocolate Covered Candies**



**full chocolates,  
with crèmes**



**sweets**



**biscuits**



**wafers**



**bars**



**pralines**



**ice-creams**



**Torcik  
Wedłowski**



**halva  
and sesame**



**licensed  
products  
(e.g. muffins,  
donuts)**



# 1. Wedel – combining tradition and modernity

## 1.1 Company activity



- Albania
- Australia
- Austria
- Belize
- Bosnia and Herzegovina
- Brazil (since 2022)
- Bulgaria
- Canada
- Chile (since 2022)
- China
- Cyprus
- Czech
- Egypt
- Estonia
- Finland
- France
- Germany
- Greece
- Hong Kong
- India
- Iraq
- Iceland
- Ireland
- Israel
- Japan
- Jordan
- Kenya
- Kosovo
- Kuwait
- Latvia
- Lebanon
- Lithuania
- Macedonia
- Maldives
- Malta
- Mexico
- Moldova
- Mongolia
- Netherlands
- Norway
- Palestine
- Philippines (since 2022)
- Portugal
- Qatar
- Saudi Arabia
- South Africa
- South Korea
- Spain
- Romania
- Serbia
- Sierra Leone
- Singapore
- Sri Lanka
- Sweden
- Taiwan
- Tunisia
- Turkey
- Uganda
- Ukraine
- Uruguay (since 2022)
- United Kingdom
- USA
- Uzbekistan
- Yemen

An important element of our business strategy has been the development of exports, which currently accounts for about 10% of our turnover. Wedel chocolates are now sold in over 60 countries around the globe. Our key foreign markets are the United States, Canada and the United Kingdom.

\*In February 2022, due to the invasion of Ukraine, we suspended the export of our products to the Russian Federation and Belarus.



# 1. Wedel – combining tradition and modernity

## 1.1 Company activity

2-1

1851  
*E. Wedel*



Since the 1930s, our factory and office have been located in Warsaw's Praga district at Jana Zamoyskiego 28/30 Street. Since 2010, we have been part of the Japanese concern LOTTE, which is our sole shareholder.





# 1. Wedel – combining tradition and modernity

## 1.2 Management and oversight

2-9

The make-up of the management structure of LOTTE Wedel sp. z o.o. is as follows:

- The Management Board,
- The Management Team, consisting of members of the Management Board; the HR and Administration Director, Sales Director (Proxy), Marketing Director, Finance and IT Director (Member of the Management Board), Managing Director (Member of the Management Board), and the Director of Integration and Corporate Reporting,
- The Team of Key Managers, which includes members of the Management Board, the Management Team and people drawn from middle management – being responsible for the most complex or the most important projects; or for managing the largest number of employees (e.g. Health and Safety and Quality Manager, Strategy and Income Management Manager or Production Manager).

405-1

MEMBER	GENDER	INDEPENDENCE	DURATION OF TENURE	OTHER IMPORTANT POSITIONS AND DUTIES	COMPETENCIES RELATED TO THE COMPANY'S PRODUCTS AND ACTIVITIES
TSUYOSHI FUKATSU	M	FULL	INDEFINITE	n/a	GENERAL MANAGEMENT, CONTACT WITH THE OWNER
TAKAHARU SAITO	M	FULL	INDEFINITE	n/a	GENERAL MANAGEMENT, CONTACT WITH THE OWNER
TOMOKAZU KONO	M	FULL	INDEFINITE	EXECUTIVE DIRECTOR OF PRODUCTION	PRODUCT EXECUTIVE DESIGNS, FACTORY LINES AND INNOVATIONS
TOSHIHISA HIRANO	M	FULL	INDEFINITE	n/a	GENERAL MANAGEMENT, CONTACT WITH THE OWNER
MOTORI UZAWA	M	FULL	INDEFINITE	DIRECTOR OF INTEGRATION AND CORPORATE REPORTING	MANAGEMENT OF CORPORATE REPORTING BETWEEN THE COMPANY AND THE OWNER
MACIEJ HERMAN	M	FULL	INDEFINITE	MANAGING DIRECTOR	EXECUTIVE MANAGEMENT FOR ALL AREAS IN THE COMPANY
ANDRZEJ PAŁASZ	M	FULL	INDEFINITE	FINANCE AND IT DIRECTOR	FINANCE, ACCOUNTING, PURCHASING AND IT MANAGEMENT



# 1. Wedel – combining tradition and modernity

## 1.2 Management and oversight

2-9



**As of December 31, 2022, the composition of the Management Board was as follows:**

**MACIEJ HERMAN**  
MANAGING DIRECTOR



**INGA PYD**  
DIRECTOR OF HR  
AND ADMINISTRATION



**ANDRZEJ PAŁASZ**  
FINANCE AND IT DIRECTOR



**KRZYSZTOF  
STEPNOWSKI**  
SALES DIRECTOR



**SŁAWOMIR  
KLUSZCZYŃSKI**  
OPERATIONS DIRECTOR



**KRZYSZTOF  
BOGACZ**  
MARKETING DIRECTOR



### **+ Members of the Management Board**

#### **2-11**

A number of Members of the Management Board simultaneously perform senior management (directorial) functions within the organisation. However, these additional functions do not give rise to any conflict of interest.

#### **2-10**

The Management Board is appointed by a Meeting of Shareholders, which represents the sole owner of the company, and takes into account the opinions of stakeholders in the process of selecting members of the Management Board and the criteria used in the same, such as the necessary competencies in the field of sustainable development management.

The following are responsible, whether personally or collectively, for making key decisions and overseeing the management of issues important from the point of view of the company's economic, environmental and social impact on the environment:

- Members of the Management Board,
- Members of the Management Team.

The Management Board has executive and enforcement functions, and it is also a communication bridge between the organisation and the owner. The role of the Management Team is operational, including the implementation of the resolutions of the Management Board.

Members of the Management Team are directly involved in projects. They monitor the progress of these projects by sitting on steering committees and approving draft internal regulations on the basis of an appropriate procedure. Long-term strategies and policies in the area of sustainable development are approved at the level of the Management Board and the dedicated Steering Committee of the CSR Strategy Program.



# 1. Wedel – combining tradition and modernity

## 1.2.1. Managing sustainable development

2-12, 2-13, 2-14, 2-17, 2-18

**Since 2020, the company has been operating a CSR Strategy, developed for the years 2020-2027, which is being constantly updated.**

Our CSR Strategy is based on three pillars:

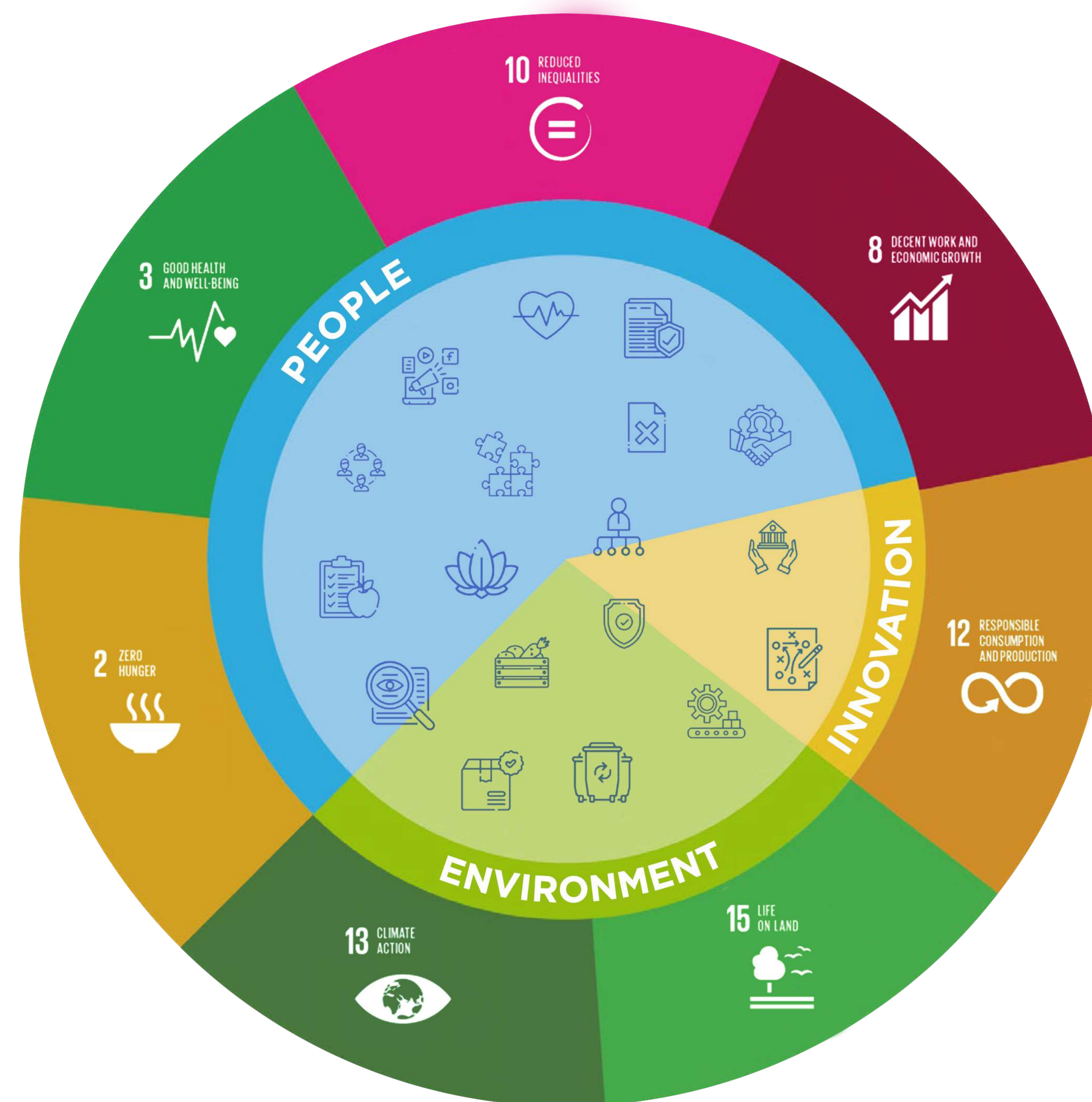


where the topic-specific disclosures for the company and its stakeholders were identified (and divided into 18 areas). The assumptions of the strategy have been made actionable at an operational level, to include 42 initiatives.

In order to implement the idea of constant development while striving to reduce and offset negative impacts, the following documents shall be drawn up over the next three years:

- A Decarbonisation Strategy, which will indicate the directions for mitigating the negative impact related to emissions (carbon footprint) – in 2023,
- Analysis of risks and opportunities related to climate change – in 2024,
- An Environmental Strategy (taking into account elements of biodiversity) – in 2025.

The company has developed a four-tier structure for managing processes related to our impact on the environment and society (ESG). This structure ensures the participation of employees at all levels, coupled with their understanding of goals and tasks, and their links with other areas of the company's activity. Projects within the scope of the ESG program are managed and reported as part of the internal PMO program, which includes detailed information on schedules, resources and project risks (which ensures consistency in the approach to their assessment and implementation effectiveness).





# 1. Wedel – combining tradition and modernity

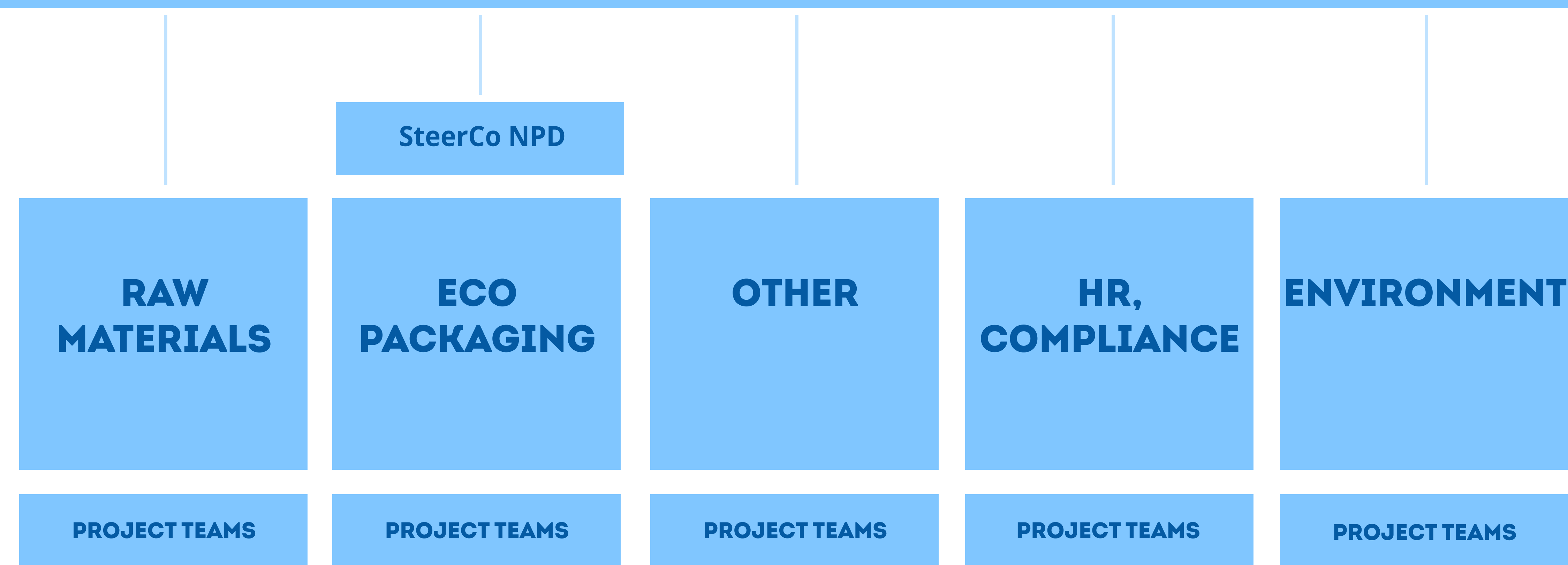
## 1.2.1. Managing sustainable development

2-12, 2-13, 2-14, 2-17, 2-18

### THE INTERDEPARTMENTAL ESG STRATEGY TEAM IS MADE UP OF:

**The Strategic Steering Committee (SteerCo) of the ESG program:  
the HR and Administration Director, Finance and IT Director, Marketing Director,  
Legal and Compliance Director, Health and Safety and Quality Manager, and Strategy  
and Revenue Management Manager**

#### MANAGER OF THE ESG PROGRAM



comprising the HR and Administration Director, the Finance and IT Director, the Marketing Director, the Legal and Compliance Director, the Health and Safety and Quality Manager, the Strategy and Revenue Management Manager. The Committee ensures compliance of the sustainable development strategy with the business goals of LOTTE Wedel; and to this end, regularly monitors the implementation of the adopted strategic commitments in this area. The ESG program is an operational transposition of the sustainable development strategy into activities that accord with the internal management methodology – it consists of strategic programs and streams that contain projects, tasks and processes,

managing and coordinating its implementation. This function is performed by the Head of Corporate Communication and ESG.

consisting of representatives of individual departments of the company responsible for the implementation of strategic initiatives in their areas.

As of 2023: People substantively involved in the project at the current SteerCo level take part in meetings of the SteerCo of the ESG program on a point-by-point basis; and on a daily basis, they perform a consultative role for the project team.





# 1. Wedel – combining tradition and modernity

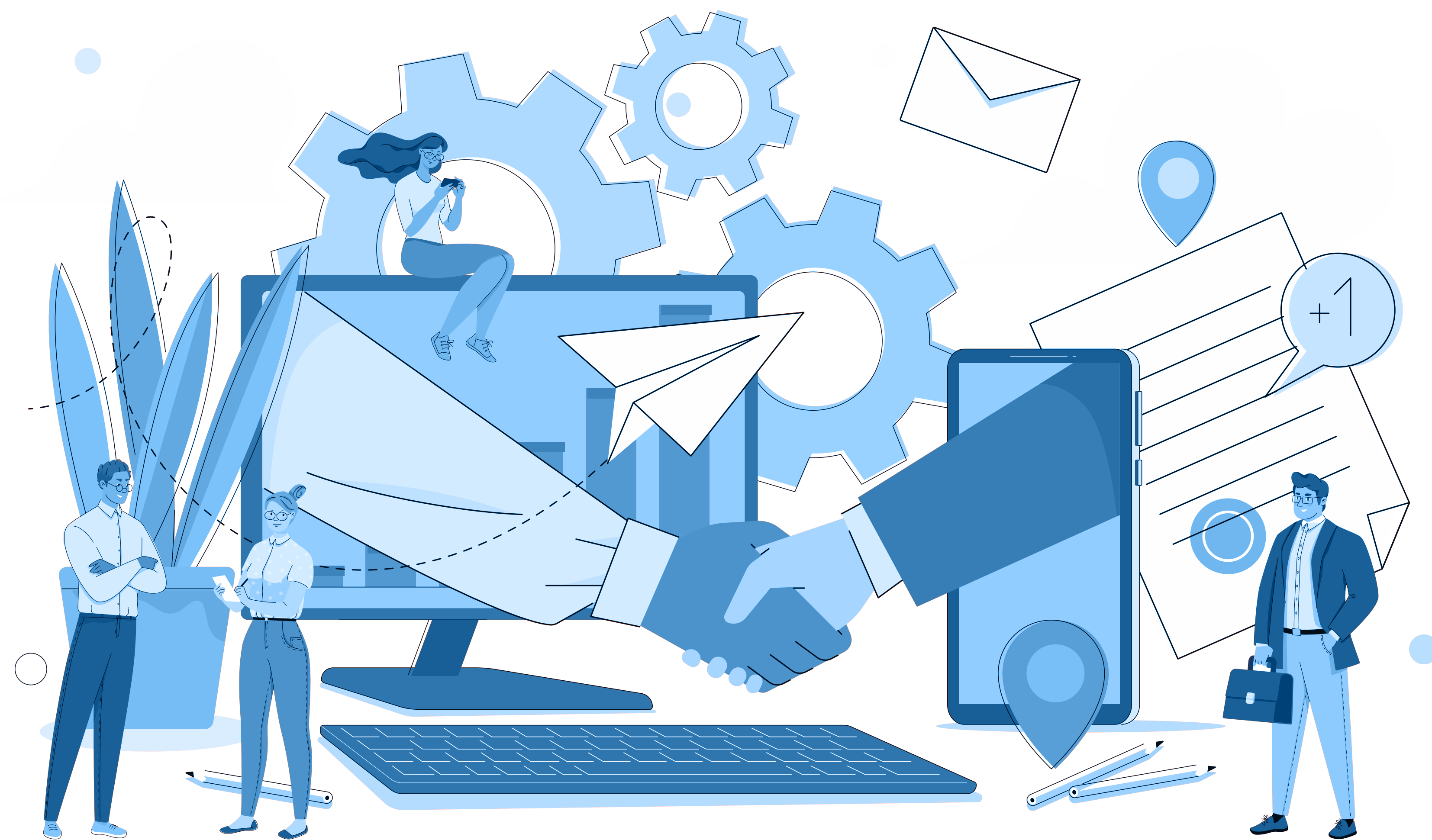
## 1.2.1. Managing sustainable development

2-12, 2-13, 2-14, 2-17, 2-18



Members of the Management Team actively participate in meetings dedicated to the introduction of provisions from the scope of sustainable development into the organisation's business processes; and the making of key decisions in this respect: which is also reflected in the long-term budget planning process.

The Corporate Communications Manager monitors and reports on a monthly basis to the members of the ESG Strategic Steering Committee concerning progress on the implementation of solutions and the achievement of goals and milestones. In addition, as a part of company-wide processes, key decisions and financial commitments are consulted on and approved with the entire Management Team.



### Sustainability reporting

LOTTE Wedel's sustainable development reports are created in dialogue with representatives of key groups of external and internal stakeholders (the latter group includes the Management Team, the members of the project teams working within the scope of sustainable development, and representatives of the managerial staff). The content of individual chapters is approved by the relevant directors, and the Management Board together with the ESG Strategic Steering Committee gives opinions on selected issues, and then verifies and approves the entire document. More on the development of the Sustainable Development Report in Chapter 5: About the report.

The effects of the Management Team's activities, including in the area of sustainable development, are monitored, supervised and evaluated by our owner. They are also subject to assessment by, among others:

- 🍪 compliance units,
- 🍪 internal audit units,
- 🍪 auditors of the company's owner,
- 🍪 independent external auditors,
- 🍪 regulatory and control authorities,
- 🍪 certification bodies,
- 🍪 contractors,
- 🍪 financial institutions.

We conduct a dialogue with all the above entities; and in the event of a negative assessment, we adjust the activities or work out compromise solutions in order to meet the expectations of the other party.



# 1. Wedel – combining tradition and modernity

## 1.3 Membership of associations

2-28

od 1851  
*E. Wedel*



We are a founding member of the Polish Coalition for Sustainable Palm Oil (PKZOP), established under the aegis of the WWF, operating since 2019. It is an independent coalition composed of representatives of companies, industry and non-governmental organisations and certification bodies, as well as a scientific council. The strategic goal of PKZOP is to achieve a level of 100% sustainable palm oil in Poland. An important mission is also to take action to increase knowledge and awareness of sustainable palm oil among consumers and entities operating on the Polish market.



Since 1997, we have been an active member of Polbisco, the Association of Polish Producers of Chocolate and Confectionery Products. The organisation, bringing together companies with a total market share of 80%, aims to represent and protect the common interests of the sector; as well as to promote its oversight responsibility.



We are also a member of the IAA International Advertising Council, whose mission is to shape the sustainable development of the marketing communication market.



For years, we have been a member of the Lewiatan Confederation – a Polish business organisation which influences the shape of the law, and conducts dialogue with the administration representing members in both Poland and the European Union.





# 1. Wedel – combining tradition and modernity

## 1.4 External awards and accolades



2022

2021



You can read about all the awards and titles we have received here at: [www.wedel.pl/o-firmie/nagrody-i-wyroznienia](http://www.wedel.pl/o-firmie/nagrody-i-wyroznienia)

The confirmation of the effectiveness of our efforts in particular areas of sustainable development are the titles, awards and distinctions we have received. In 2022, we garnered numerous awards, including:

**Business Center Club**, which awarded us the title of “Company Well Seen” for conducting business in a responsible manner, and the title of “Leader of Polish Business,” which is, among others, confirmation that we comply with the principles of business ethics and conduct social and charitable activities,

**National Labour Inspectorate**, in which we took third place in the competition “Employer – an organiser of safe work”,

**Top Employers Institute**, which, after conducting a detailed study and verification process, praised highly our HR policy, awarding us the title of Top Employer 2022,

**Grupa Pracuj.pl** – in the HR Dream Team competition, we received the main prize in the category “Organisational Culture and Employee Engagement” for the campaign “For 170 years our recipe is people”,

**The Responsible Business Forum**, which distinguished our CzekoSprawni program in the “DEI in Business” category in the “Innovative Approach” subcategory in the competition dedicated to the Diversity Charter; and it also included 10 of our initiatives in the “Responsible Business in Poland 2021. Good Practices” report,

**SmartLunch** – in the People Innovation plebiscite, our CzekoSprawni program was voted as being in the top 5 projects to have introduced changes in the area of human capital,

**Lidl**, from which we received the main prize in the thematic competition and the title of Lidl Fair Pay for our long-term policy in the field of equal pay and the division of positions between women and men (to include our managerial staff and management teams).







# 2. Internal management

## 2.1. Company policies and associated obligations

2-23

Since 2012, the Code of Ethics has been operating in Wedel as a document setting out the values and defining the ethical culture of the company. It defines the principles that guide us in our daily business activities, also expressing our responsibility as an employer, manufacturer, neighbour and business partner.

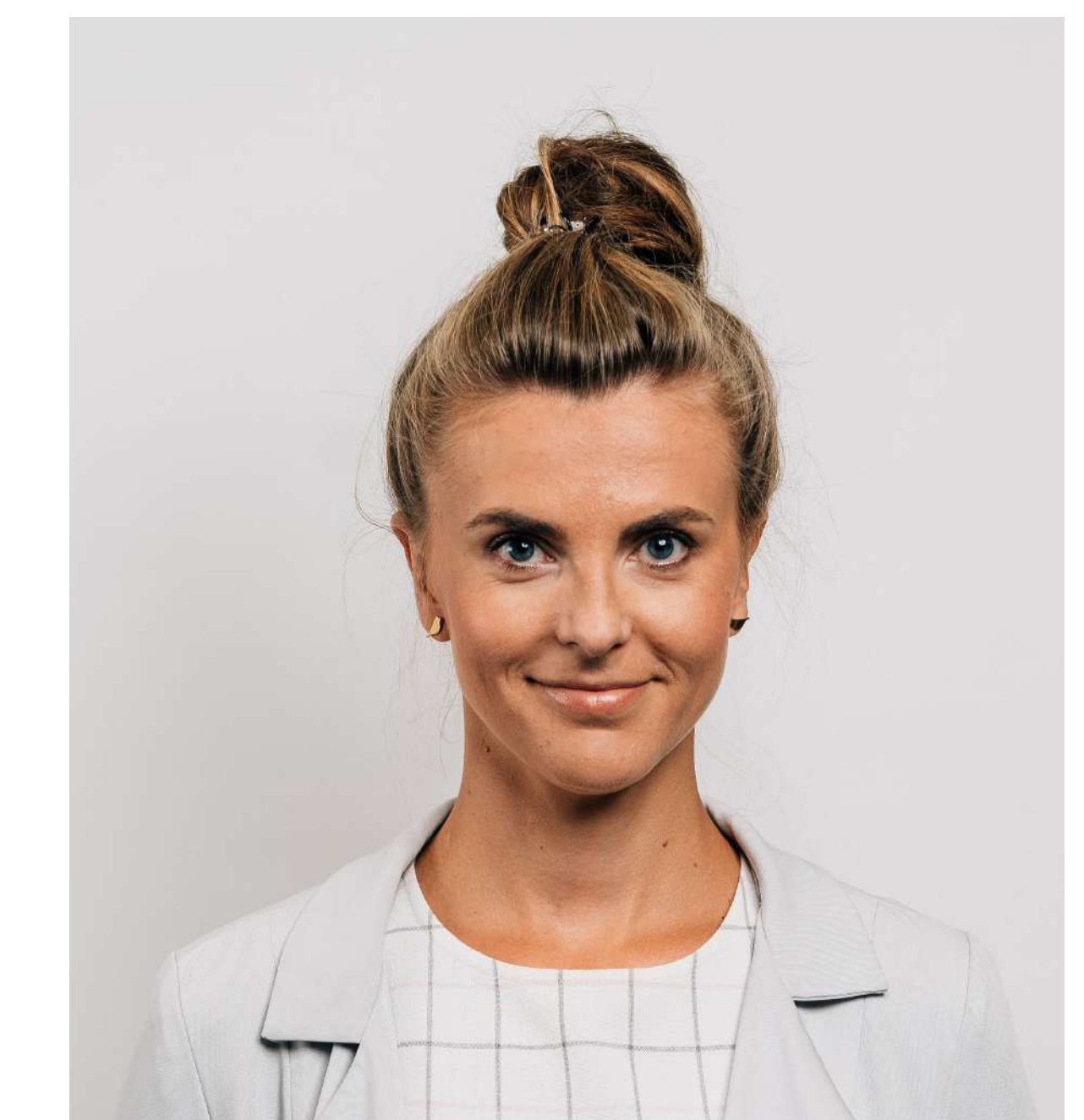
The Code of Ethics sets out the hierarchy of values and standards of conduct for all employees, regardless of their function and position. Each LOTTE Wedel employee is required to read this document and apply its principles in their daily work; and it is available to the public on our website:

**„Kodeks etyczny  
LOTTE Wedel Sp. z o.o.”**

*The foundation of Wedel’s 170 years on the market and the trust of its Customers and Suppliers are the values that underpin all our efforts.*

*Focusing on the Customer, and ensuring quality, transparency and ethics, respect for all people and their diversity, and acting for the benefit of the community and the natural environment – these are just some of our values. These same values show how we approach relationships with our Employees, Customers, Suppliers and Business Partners.*

**ALEKSANDRA KUSZ VEL SOBCZUK,  
CORPORATE COMMUNICATION  
AND ESG MANAGER**





# 2. Internal management

## 2.1. Company policies and associated obligations

2-23

### KEY VALUES IN WEDEL'S ORGANISATIONAL CULTURE



#### I FOCUS ON THE CLIENT

- I build knowledge about the Client's needs,
- I listen to Consumer opinions and take them into account,
- I support the achievement of my Client's goals,
- I am constantly working on a new offer for both the Client and the Consumer.



#### I ENSURE QUALITY

- I work with passion and commitment,
- I cooperate effectively, I respect the time of other employees,
- I act based on facts,
- I look for solutions instead of problems.



#### I TAKE RESPONSIBILITY

- I am ethical and transparent in my actions,
- I set directions, make decisions and achieve goals,
- I constantly improve my competences; I care about my development,
- I share my knowledge and support the development of other employees.



#### I QUESTION THE STATUS QUO

- I communicate honestly and courageously,
- I am open to change and implement new solutions,
- I simplify activities and streamline processes,
- I don't seek out blame and I learn from my mistakes.



#### I TAKE JOY FROM MY WORK AND FROM BEING IN WORK

- I respect others, I am kind,
- I can be myself, and I support diversity,
- I appreciate others, we celebrate our time together,
- I work for the community and the environment



# 2. Internal management

## 2.1. Company policies and associated obligations

### 2-23

We have included our commitments related to sustainable development in Wedel's CSR Strategy, adopted in 2020. We also want to encourage and support our suppliers to adopt social and environmental responsibility in their activities. We want our cooperation with contractors to be based on partnership, trust and good relations.

**Therefore, we expect our business partners to identify with and act in accordance with the above values and principles, while maintaining honesty, truthfulness, respect for diversity and the rights of all persons and entities. In 2022, we developed the Sustainable Development Policy for LOTTE Wedel Suppliers, implemented at the beginning of 2023. You can read more about this in subchapter 2.4. Quality of raw materials and their sustainable origin.**

Wedel commits itself in internal documents (including the above-mentioned Code of Ethics and Sustainable Development Policy for LOTTE Wedel Suppliers) not to violate the freedom granted to every human being and all other basic, inalienable human rights, which are set out in the United Nations Charter, the Universal Declaration of Human Rights and the European Convention on Human Rights.

### 2-24

Responsibility for the implementation of policy commitments at individual levels of the organisation is assigned according to the corporate structure, according to which, the organisation is divided into business departments responsible for compliance with internal regulations under the first level of protection, as well as the compliance unit under the second level of protection and the internal audit department under the third level of protection.

Training on compliance with internal regulations, and thus on conducting responsible business activity, is held for each department in accordance with the legal and compliance training matrix.





# 2. Internal management

## 2.1. Company policies and associated obligations

2-25, 2-26

The organisation has compliance, internal audit and corporate communication units that are responsible for implementing, proposing, enforcing and interpreting internal regulations, monitoring compliance and contacting stakeholders.

**LOTTE Wedel has a procedure for reporting and explaining irregularities. Its purpose is to define the rules for reporting, verifying and explaining cases of irregularities and behaviours prohibited by law and other regulations, including internal regulations. This applies in particular to corruption and other instances of fraud, irregularities in employment (discrimination, harassment, including sexual harassment, as well as violation of personal rights), or violation of internal rules contained in company policies, procedures and instructions.**

In the event of doubts, reasonable suspicion or knowledge of a violation of the law in any area related to work; or a violation of the principles described in the Code of Ethics or other internal regulation, the employee should report such a fact using one of the following methods:

- 🍪 notifying a line-manager or a higher-level supervisor (including a member of the Management Team),
- 🍪 contacting the HR department,
- 🍪 contacting the Compliance Manager, the Legal and Compliance Director or the Internal Audit Manager,
- 🍪 sending the message to [etyka@wedel.pl](mailto:etyka@wedel.pl)
- 🍪 sending an anonymous message via a dedicated web application available to all employees.

The notification should include: a presentation of the facts, possible evidence to support the cited circumstances or an indication of such evidence, including the indication of witnesses, the alleged perpetrator or perpetrators of the irregular behaviour and an indication of the potential aggrieved party. The reporting person may, but is not obliged to, sign the report or provide his or her identity. The identity of the reporting person remains confidential.

**The procedure for reporting and explaining irregularities includes provisions on the protection of whistleblowers – all forms of retaliation, both direct and indirect, against the person who reports irregularities are prohibited. The status of a “whistleblower” is given to a person whose report has not been made in so-called bad faith (intentionally and knowingly wrong or containing misleading information). A person who makes a report in bad faith may be subject to disciplinary consequences provided for within the provisions of labour law.**

When there is no formal notification, and the Compliance Manager receives, directly or indirectly, indications about the possible occurrence of irregularities, she/he can implement corrective action in the form of compliance mentoring involving a less formal conversation.



# 2. Internal management

## 2.2. Compliance with laws and regulations

2-27, 205-3, 3-3 (205)



*Ethics in the actions of company employees, including the rejection of corrupt practices, is one of the basic requirements that employees must follow when performing their daily duties. This is reflected, for example, in the corporate value “I take responsibility – I am ethical and transparent in my actions,” as well as in the Code of Ethics applicable to every employee of the company, which explicitly prohibits all manifestations and behaviours of a corrupt nature. The rules addressed to contractors also provide for a complete lack of tolerance for behaviour that may constitute corruption.*

**“Material cases of non-compliance with the law and regulations” are understood at LOTTE Wedel as cases which – following on from the risk analysis prepared by the internal audit department – will cause or may cause significant economic, economic, regulatory, sanction and image risks for the organisation.**

The company does not participate in corrupt activities, and all signals regarding suspected corruption are investigated and confirmed – reported to law enforcement authorities.

In 2022, our company did **not identify any significant cases of non-compliance with the law or regulations** in which monetary or non-monetary penalties would be imposed on the organisation. As part of the internal investigation procedure, one case of corruption was registered. As a result of this situation, the contract with the employee and the business partner was terminated.

**MATEUSZ HENDZEL,  
COMPLIANCE MANAGER**





# 2. Internal management

## 2.2. Compliance with laws and regulations

205-2

Number and percentage of members of management bodies who were informed about anti-corruption policies and procedures and who received anti-corruption training	
Number and percentage of members of management bodies who were informed about anti-corruption policies and procedures	7 (100%)
Number and percentage of members of management bodies who have received anti-corruption training	4 (57%)
Number and percentage of employees informed about anti-corruption policies and procedures	
Number and percentage of all employees (excluding members of management bodies) who were informed about anti-corruption policies and procedures	1227 (100%)
Number and percentage of employees in the management team who have been informed about anti-corruption policies and procedures	11 (100%)
Number and percentage of employees who received anti-corruption training, broken down by categories of employees distinguished in the organisation	
Number and percentage of all employees (excluding members of management bodies) who received anti-corruption training	316 (26%)
Number and percentage of employees from the management team who have received anti-corruption training	8 (73%)
Number and percentage of key managers who have received anti-corruption training	18 (38%)
Number and percentage of other employees who received anti-corruption training	290 (25%)
The total number and percentage of the organisation's business partners who have been informed about its anti-corruption policies and procedures	
The total number and percentage of the organisation's business partners who have been informed about its anti-corruption policies and procedures	11 (11%)



# 2. Internal management

## 2.2. Compliance with laws and regulations

### 205-2

The following internal regulations apply to counteracting corruption in the organisation:

- 🍪 Code of Ethics,
- 🍪 Compliance Policy,
- 🍪 Work Regulations,
- 🍪 Corruption Prevention Policy,
- 🍪 Supplier Policy (LOTTE Wedel Contractor's Rules of Conduct).

**Each report regarding potential corruption events is received, independently investigated and reported in two ways:**

- to the Management Team,
- to the President of the Management Board, who is also in constant contact with the owner of the company.

Actions are evaluated after each case of irregularity is reported and explained. Additionally, employee surveys are cyclically conducted on the system for reporting and explaining irregularities.

Moreover, every case of irregularity, including corruption, is registered. The Compliance Manager, together with the Internal Audit Manager, monitors the organisation's implementation of recommendations and follow-up solutions, to include preventive solutions.

### 2-15

Similar preventive actions are carried out in relation to the prevention of conflicts of interest – information campaigns and training in the field of counteracting conflicts of interest. Ongoing monitoring and reporting of problems have also been introduced, which are dealt with by the legal, compliance and internal audit departments, and channels for reporting irregularities, including in the field of conflict of interest, are available.

### 2-16

In 2022, 10 cases of irregularities were identified in LOTTE Wedel. Reported issues concerned potential violations of labour law, corruption, violations of internal regulations or other violations.

Each report is reported to the Management Team via the two channels described above.





# 2. Internal management

## 2.2.1. Business ethics

3-3 (206), 206-1

Compliance with the principles of free competition is of great importance to our company, because anti-competitive behaviour, i.e. inconsistent with the competition protection law, exposes the enterprise to financial penalties and may affect the negative perception of such an enterprise on the market by other companies or customers. In addition, the managers of a business that violates competition law are exposed to personal sanctions, and those employees participating in such activities – to disciplinary liability.

The organisation has the following documents and procedures for the regulation of these issues:

- Code of Ethics,
- The procedure of proceeding in accordance with the provisions on competition protection,
- The procedure for processing and sharing sales data,
- The procedure to be followed in the event of monitoring and procedural actions taken against the Company.

In order to manage the subject of compliance with the principles of free competition and related effects, we have implemented the above-mentioned internal regulations at LOTTE Wedel, to also include employee education through training, awareness raising, legal alerts (cyclical e-mail communications addressed to employees regarding legal or regulatory events), and consumer education (e.g. as part of communication in social media, in particular on LinkedIn). When the need arises, we also undertake cooperation with the Office of Competition and Consumer Protection.

The actions presented above means that **no court or administrative proceedings were initiated against LOTTE Wedel** in 2022 regarding violations of the principles of free competition or antitrust regulations.





## 2. Internal management

### 2.3. Product quality

3-3 (416), 416-2

LOTTE Wedel meets the requirements of such regulations as: Food and Nutrition Safety Act of August 25, 2006, Regulation (EC) No. 178/2002 of the European Parliament and of the Council of January 17, 2002. These legal provisions also oblige LOTTE Wedel to ensure the health and safety of customers and consumers.

The Quality Policy, Hygiene Book and other introduced procedures at LOTTE Wedel regulate the issues of customer and consumer health and safety, in accordance with the above-mentioned legal regulations and standards of IFS (International Food Standard), BRC (British Retail Consortium), ISO 9001 (ISO quality management), Codex Alimentarius (food code).

*At LOTTE Wedel, employees, customers and consumers play an important part when it comes to improving the health and safety of the products we manufacture. Our Quality Department, through the registration and analysis of complaints or internal incidents, improves procedures and processes; and as a company we may boast the best possible production standards. There is a consumer hotline, whereas we also employ agencies to collect reports from customers and consumers, which are then transferred to the quality department, where, after verification, appropriate explanatory actions are taken.*

*We also have implemented the Vectio system, which enables production employees to submit ideas for improving quality and hygiene in the workplace. Each idea submitted by an employee is reviewed. After the approval of the Quality Department, the ideas are forwarded to implementation. **In 2022, 200 ideas were submitted, of which 56 concerned quality improvement.** 17 ideas were implemented and closed, including 4 in the field of quality improvements.*

**MAGDALENA KOZŁOWSKA,  
HEALTH AND OCCUPATIONAL  
SAFETY AND QUALITY MANAGER**





# 2. Internal management

## 2.3. Product quality

3-3 (416), 416-2

Hygiene inspections and internal audits are organised at LOTTE Wedel, which are aimed at the development of the Food Safety Culture (defined as the resultant effect of our employees' attitudes, values and behaviours, which reflects their commitment and reliability when it comes to the process of food safety management in the organisation). This is a space where you can submit quality or hygiene-related comments affecting the end-product. As part of the quality improvement in the plant, i.e. the "Quality at Source," program, which consists in the implementation of a series of trainings for production employees.

The PAS - Program of Active Self-Control operates in the production areas. Audits are performed periodically by both production employees and management. Each of the audit cards contains questions about quality, among others. A Kaizen Zone (Place/meetings/space where Kaizen projects are presented and discussed<sup>4</sup> in LOTTE Wedel) is used to determine the causes and corrective actions in connection with complaints or internal incidents. For each of these reports, the root cause is determined, and corrective actions are introduced to reduce the risk of recurrence.

The effectiveness of the actions taken reduces the number of complaints and quality incidents. The number of such notifications is monitored on a monthly and annual basis.



*In 2022, there were no cases of non-compliance with regulations and voluntary codes related to the impact of products and services on health and safety.*

<sup>4</sup>"Japanese business philosophy advocating continuous personal improvement, which extends to improvement of management and production processes at all levels."



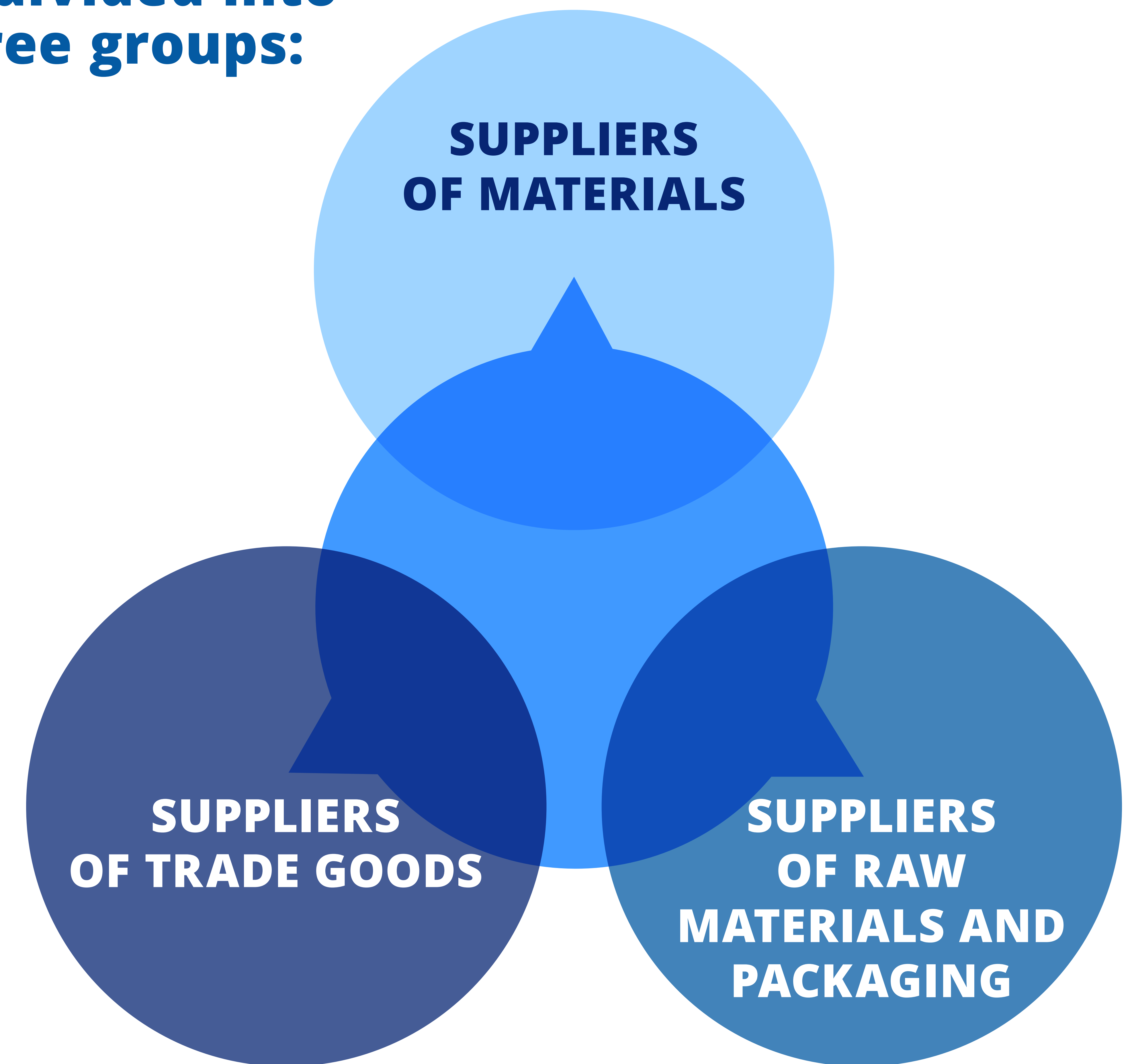
# 2. Internal management

## 2.4. Quality of raw materials and their sustainable origin

2-6, 3-3 (414)



**Our suppliers are divided into three groups:**





# 2. Internal management

## 2.4. Quality of raw materials and their sustainable origin

2-6, 3-3 (414)

### Characteristics of suppliers

Estimated number of entities in the entire supply chain and at each stage of the chain: approximately 120 suppliers of raw materials and materials and approximately 13 suppliers in co-production.

Specific characteristics of the supply chain:

- variability of volumes
- limited expiry date of raw materials and finished products
- specific storage conditions

Geographical location of suppliers:

- Europe
- Asia



Type of business relationships with suppliers:

- long-term / short-term contracts
- cooperation agreements
- orders and commissions

Estimated value of payments to suppliers:

- Raw materials and packaging – approx. 500 million PLN

Geographical location of manufacturers:

- Europe
- Africa
- America



# 2. Internal management

## 2.4. Quality of raw materials and their sustainable origin

2-6, 3-3 (414)

**In 2022, we developed a Sustainable Development Policy for LOTTE Wedel Suppliers, implemented in the company at the beginning of 2023.**

In this document, we obliged suppliers to follow the LOTTE Wedel qualification guidelines: ensuring traceability of raw materials and transparency of their origin,

- 🍪 collecting the necessary documentation, in accordance with the implemented quality standards,
- 🍪 implementing an effective system for recalling non-conforming products,
- 🍪 engaging in the life of local communities,
- 🍪 participating in local projects and supporting their implementation,
- 🍪 supporting charitable initiatives as far as possible,
- 🍪 informing about non-financial activities.

We note that our company's high requirements towards the suppliers of raw materials and packaging have had a tangibly positive impact on market practices.

The most important challenges we may note in this area relate to compliance with social and legal standards (e.g. elimination of slave labour and child labour, legality of employment, support for local communities) and environmental standards (counteracting rainforest deforestation and other forms of waste management) and caring for animal welfare.





# 2. Internal management

## 2.4. Quality of raw materials and their sustainable origin

414



Taking the above aspects into account, we have taken additional steps towards the sustainable purchasing for four raw materials that are highly likely to have a negative impact on social or environmental aspects: cocoa and palm oil (their production may cause deforestation and a problem with maintaining ethical production standards), eggs (due to battery farming), and soybean as a raw material with a high risk of GMO contamination. Together with suppliers, projects are being carried out to reduce the negative impact of their production activities, e.g. through the certification of palm oil, the certification of cocoa raw materials, or the elimination of battery-produced eggs by 2025.

The scope of certified raw material projects and other CSR projects was defined with the participation of stakeholders as a part of the ongoing dialogue.

*The acquisition of sustainable raw materials is an important element of Wedel's CSR Strategy – we have made commitments in this regard, and whenever an opportunity presents itself, we implement recognised international supply chain control standards, which is proof of the transparency of the rules introduced in the company; and the effectiveness of its communication strategy.*

*Raw material certifications significantly contribute to solving the global problems of the modern world and to mitigating the negative effects of agriculture and raw material processing.*

**AGNIESZKA NOWAK,  
CERTIFICATION SPECIALIST**



<sup>5</sup>Data in the indicator relates only to direct purchases (raw materials) and joint productions.



# 2. Internal management

## 2.4.1. Cocoa certification

Cocoa is the main raw material used in the production of Wedel products. For several reasons, it has been obtained for many years from only one West African country – Ghana.

- 🍫 Firstly, because of the unique taste of the local variety, which is deep and chocolaty.
- 🍫 Secondly, the professional management of the cocoa sector is decisive for us. The quality of the grains is controlled at every stage of purchase, thanks to which it remains constant, and the grains are free of foreign flavours.

Crops in Ghana are controlled by the government and the COCOBOD (Ghana Cocoa Board) institution. The purpose of this organisation is to support farmers in cultivation, production and processing, as well as in obtaining the highest quality cocoa beans, which translates into greater income for farmers.

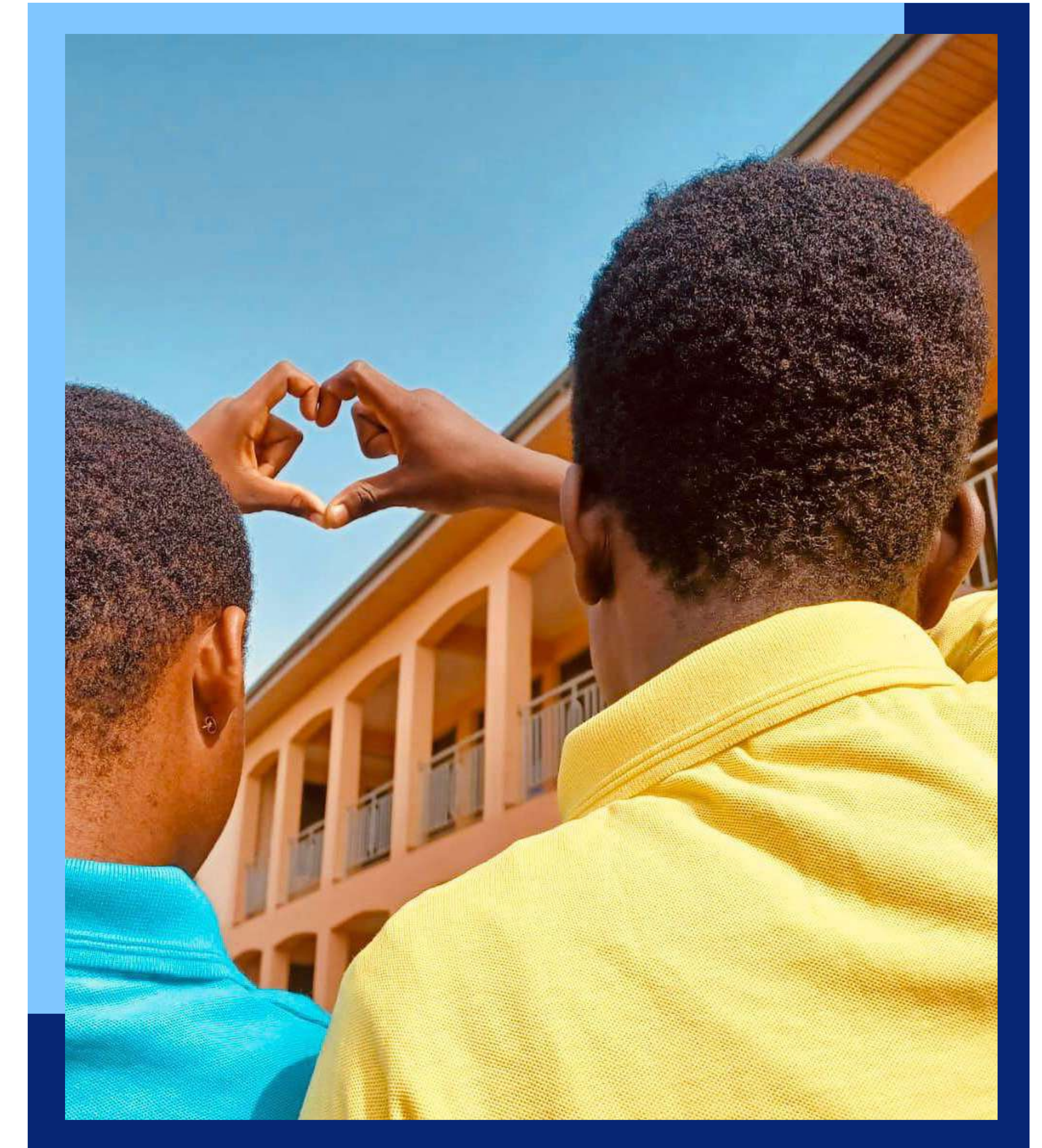
Thanks to COCOBOD's support activities aimed at growers, and the rigorous and mandatory inspection of beans intended for sale, cocoa from Ghana is particularly valued on global markets. Each bag of beans is registered in the state county warehouses along with the name of the farming group supplying them. Thanks to this, we have full knowledge about the individual stages of the production and processing of the raw

material.

In addition, in Ghana, farmers are covered by an extra payment for cocoa sold, called LID (Living Income Differential).

So far, the cocoa purchased by Wedel has not been certified by the Rainforest Alliance (or any other equivalent). Lack of certification means less monitoring of growers and suppliers in social, environmental and ethical issues, which is why in 2022, as an organisation, we started to register LOTTE Wedel in the Rainforest Alliance system and undertook preparations for an extended audit, also covering social guidelines. The audit was successfully completed in the first quarter of 2023. The first Rainforest Alliance certified products have already appeared on the market, and we plan to gradually extend the certification.

In 2022, we also undertook to support initiatives aimed at the local community and the education of children in Ghana through the Omenaa Foundation – you can read more about this in section 4.4 Community initiatives.





# 2. Internal management

## 2.4.2. Palm oil certification

Internal ratio 3

Since 2020, the international RSPO standard (Roundtable on Sustainable Palm Oil) has been implemented at LOTTE Wedel. This certificate confirms the implemented procedures for accounting for certified palm oil, the principles of sourcing and verification in accordance with the specified guidelines.

We purchase raw materials certified in two models: Mass Balance and Segregated. Mass Balance means that palm oil may have been blended with conventional oil throughout the supply chain. The other half of the obtained palm oil is certified in the Segregated model (oil controlled and fully traceable to certified plantations).

In 2022, we purchased 99.9% of all raw materials and intermediates with certified palm oil: 47% as Mass Balance, 53% Segregated and less than 0.1% Book and Claim. For some additives with palm oil or its derivatives, if it is impossible for suppliers to implement certification, it is possible to sell the product in the Book & Claim model (support for growers by purchasing credits compensating for the share of non-certified palm oil).

Developed in 2022, the Supplier Management Policy has introduced a survey to control the approach of our direct suppliers of palm oil as the first recipient of oil palm raw materials.

We want to work with our suppliers to transparently solve the problems faced by the modern world. Therefore, the purpose of this survey is to check to what extent the origin of palm oil is known to our suppliers and what actions they take to limit the negative effects of palm oil production.

In this way, we have confirmed the strong commitment of our suppliers towards the sustainable sourcing of palm oil. Most of them promote RSPO certification, conduct direct initiatives supporting farmers, educational or environmental, identify the impact of business activities on human rights issues and support the resolution of social problems in countries where raw materials from oil palm are obtained.

We belong to the Polish Coalition for Sustainable Palm Oil under the auspices of the World Wildlife Fund, whose goal is to stop deforestation and environmental degradation as a result of extensive agriculture. The coalition has set itself the goal of using only certified palm oil in Poland.

In the case of palm oil, replacing the raw material with any other would be much more harmful to the environment, because oil palms are very productive: more oil can be obtained from one hectare of cultivation than from other vegetable raw materials. If palm oil were replaced by other alternative vegetable oils, such as sunflower, much more land would be needed to grow crops, which could cause even more environmental degradation.





### 2.4.3. Elimination of battery farmed eggs

#### 3-3, Internal ratio 4

Currently, LOTTE Wedel uses battery farmed eggs for its products. However, we have made a public commitment to eliminate them in production by 2025 (in favour of cage-free breeding). The aim of such an action is to improve the welfare of farm animals, as well as to further improve the sustainable supply chain.

The declaration signed by Wedel results from the company's values and the provisions of its CSR Strategy. Its shape was influenced by the active advocacy of non-governmental organisations, e.g. the Otwarte Klatki "Open Cages" Association

In 2022, we undertook to control the microbiological quality of raw materials from cage-free eggs and to assess the adaptation of the hen house infrastructure to such farming. We are already in the process of agreeing with suppliers to change the infrastructure that will enable this transformation; and we regularly participate in the annual survey organised by the Open Cages Association. As part of this survey, in accordance with the idea of transparency, we share our progress in this matter.

### 2.4.4. Non-GM soy

For our products, we buy lecithin derived from non-genetically modified soybeans. This is confirmed by the IP NON GMO (Identity Preservation) standard.

The purpose of IP NON GMO is to objectively verify the production processes of non-genetically modified products in terms of ensuring their identity and traceability at every stage of the production process – from seeds, through cultivation and the harvesting of cereals, transport, storage and processing, until the final product reaches the market.



### 2.4.5. Replacing sunflower oil with rapeseed oil

As a result of the ongoing war in Ukraine and its economic consequences, the food industry around the world has faced a shortage of certain raw materials, including sunflower oil, more than 80% of which was supplied to the European Union market by Ukrainian producers before the war.

Due to shortages of sunflower oil, in August 2022, Wedel decided to introduce raw material optimisation aimed at ensuring production continuity. Therefore, in selected products from the portfolio of the E. Wedel brand containing wafers (e.g. Baton Bajeczny) sunflower oil has been replaced with rapeseed oil.

Information about this change was found on the packaging – an additional code X1 appeared next to the date of minimum durability. This marking is visible only on products in which sunflower oil has been replaced with rapeseed oil. Information about the change was also posted on the [wedel.pl](http://wedel.pl) website and in other channels of communication with the consumer (social media).



# 2. Internal management

## 2.5. Marketing policy

### 3-3 (417), 417-3

The company's policy in the field of labelling E. Wedel products and marketing communication assumes reliable and transparent information to the consumer about the product, in accordance with the law, and the good practices collected in the Code of Ethics in Advertising (developed by the Advertising Council).

Since September 2019, our company has been operating in accordance with the standards of the SAR White Book of the Marketing Communication Industry, which it signed as the first advertiser in Poland. It is a document establishing restrictive tender standards and rules of cooperation with marketing service providers. Thus, Wedel commits itself to partner cooperation with contractors, mutual communication, exchange of knowledge and experience, and the seeking of solutions in the event of any difficulties in implementing good practices.

In response to the communication challenges of the FMCG industry (especially in relation to messages addressed to children), in 2021 we adopted self-regulation in the form of the E. Wedel Code of Communication Practices, defining the principles of brand marketing activities in all channels, taking into account sensitive topics and cooperation with partners, media and consumers. The company conducts training on the applicable rules, attended not only by the Marketing Department, but also by all agencies cooperating with Wedel in the field of communication and marketing.

### 3-3, Internal ratio 2

As a responsible manufacturer, we have developed an internal standard for labelling our products, specifying the scope of information placed on the packaging, taking into account the extended form that is a response to consumer interest in the composition of products, ingredients used or the nutritional value of the product. As a result, our packaging contains not only mandatory data, but also additional information that is important for the consumer, e.g.:

- 🍪 nutritional value per portion of the product,
- 🍪 information about the energy value of the product on the front of the packaging,
- 🍪 information on the alcohol content, if present in the product.

By providing clear and transparent information on packaging, we enable buyers to make informed consumer choices.

Activities aimed at adequate labelling and reliable marketing communication include:

- 🍪 accurate and reliable preparation and checking of information to be placed on the packaging (marking),
- 🍪 introduction of the "double check" principle both at the stage of labelling preparation and during the approval of packaging design,
- 🍪 consultation of marketing communication at the design stage within the company, depending on the subject and competence, e.g. with the legal department, the food law team, technologists, the quality department and the corporate communication team.

Such actions ensure compliance with the law and significantly reduce the risk of providing the consumer with incorrect or unreliable information; and a questioning of the product and its labelling.

**In 2022, LOTTE Wedel did not record any cases of non-compliance with regulations and voluntary codes regarding marketing communications, including advertising, promotion and sponsorship.**



## 2. Internal management

### 2.5.1. Reducing the grammage of Ptasia Mleczko® marshmallow

3-3 (417), 417-3

What has been a 30-year-high in the prices of key raw materials for the confectionery industry, i.e. milk, sugar, butter or packaging raw materials, has forced us to look for savings in various forms. Ptasia Mleczko® marshmallow, due to their formula, suffered the most from the hike in the prices of these raw materials. In the face of these challenges, we sought a well-thought-out and conscious optimisation, which primarily assumes maintaining the same quality and taste of our products.

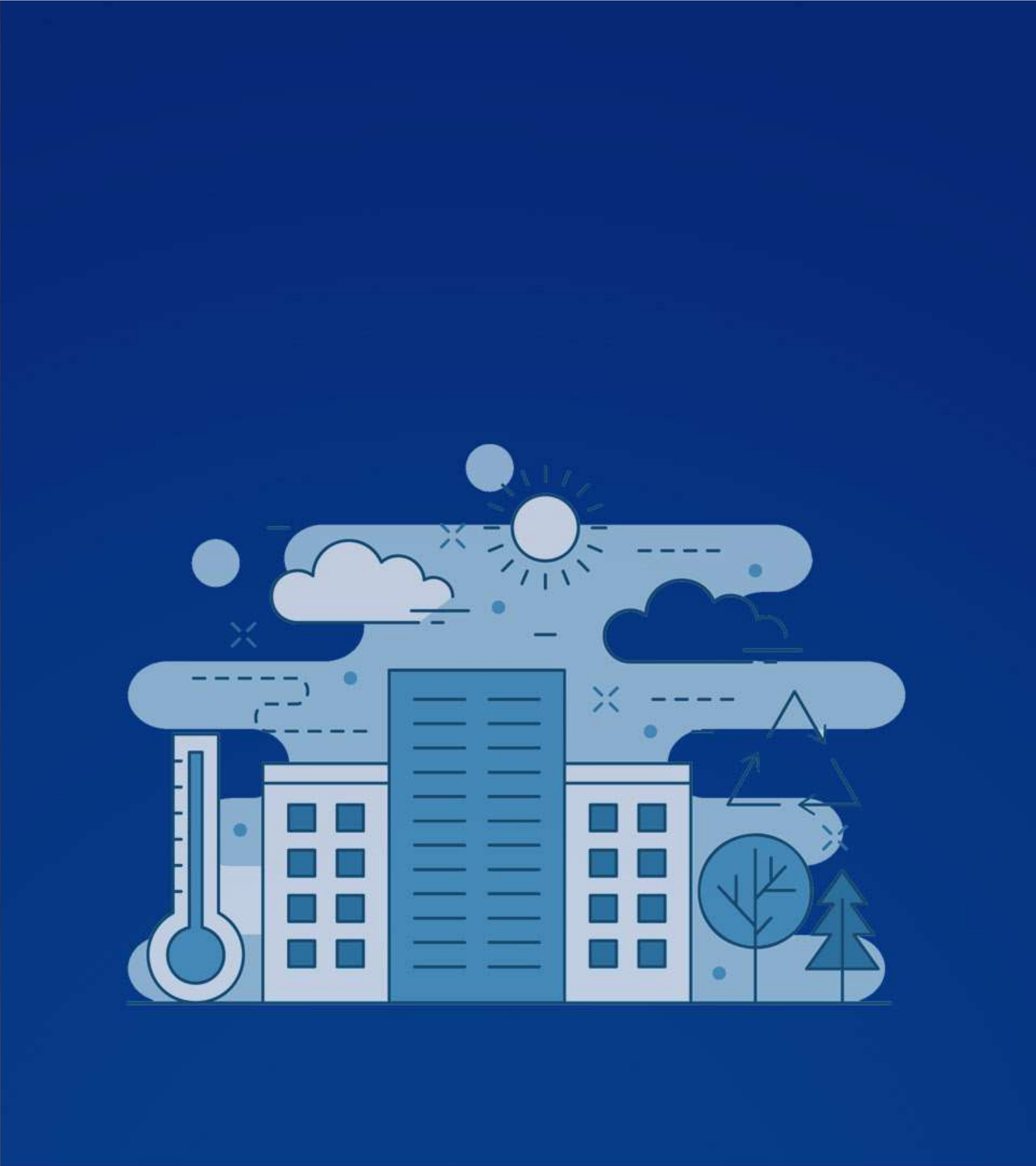


Through numerous consumer research and tests, we verified the possibility of changing its weight from 360g to 340g, maintaining what is crucial for consumers: the taste and shape of a single marshmallow and the number of pieces in the package. Before the weight change, Ptasia Mleczko® had the highest packaging weight in the chocolate-covered marshmallow category – for comparison, the products of two other manufacturers weighed 340g and 330g. Optimisation of the format made E. Wedel's marshmallows closer in weight to competitors' products. Only labelled marshmallows of one of the retail chains have a slightly higher grammage.

Thanks to this, we have been able to optimise the cost of the product, which, if the current grammage were maintained, would mean a sharp increase in price for the consumer.

Ptasia Mleczko® 340g was launched on the market at the beginning of 2023. Information about the weight of the product is clearly marked on the packaging.





**3. WEDEL AND THE ENVIRONMENT**






# 3. Wedel and the environment

## 3.1. Our approach to managing environmental issues

3-3, 2-27

Our activities comply with the requirements of environmental law, both Polish and European. We also strictly adhere to obtained administrative decisions: the integrated permit and the water law permit. We monitor the degree of environmental impact, e.g. through regular measurements of pollutant emissions from the boiler room to the air, noise emissions to the environment and the parameters of effluents discharged into the sewage system. We have not identified any risks in the sphere of ensuring compliance with the currently applicable environmental regulations.

**0** fines for non-compliance with environmental protection regulations in 2022 

We do not limit ourselves to fulfilling the legal obligations imposed on our company, but we are constantly looking for new opportunities to minimise our activity's impact on the environment.

Examples of areas in which we conduct intensive project work include:

- responsible sourcing of raw materials,
- measuring the carbon footprint and verifying the possibility of its reduction,
- implementation of a comprehensive strategy dedicated to packaging and recycling of packaging waste.

For many years, we have been implementing the Media Savings Program, under which we educate and activate employees with respect to joint actions to reduce energy and water consumption. Among others, we collect ideas for technological and organisational improvements. We are in the process of implementing processes aimed at optimising media consumption.

In addition, we have been supporting pro-ecological social initiatives for years. An example may be the involvement in the revitalisation of the "Polish-German Gardens" green area adjacent to our headquarters (see section 4.4.2. Actions for the local community).





# 3. Wedel and the environment

## 3.1. Our approach to managing environmental issues

3-3, 2-27

**We are green  
the office  
space**



Our central office and production plant in Kamionek, serving us since 1935, is constantly being adapted to ongoing requirements and environmental trends. In recent years, e.g. we replaced the lighting with energy-saving LED and ensured the possibility of segregating waste into five fractions. Replacing the lighting in the renovated office part (approx. 26% of the area of the entire building) at the turn of 2021 and 2022 brought us savings of 3,044 kWh per year.



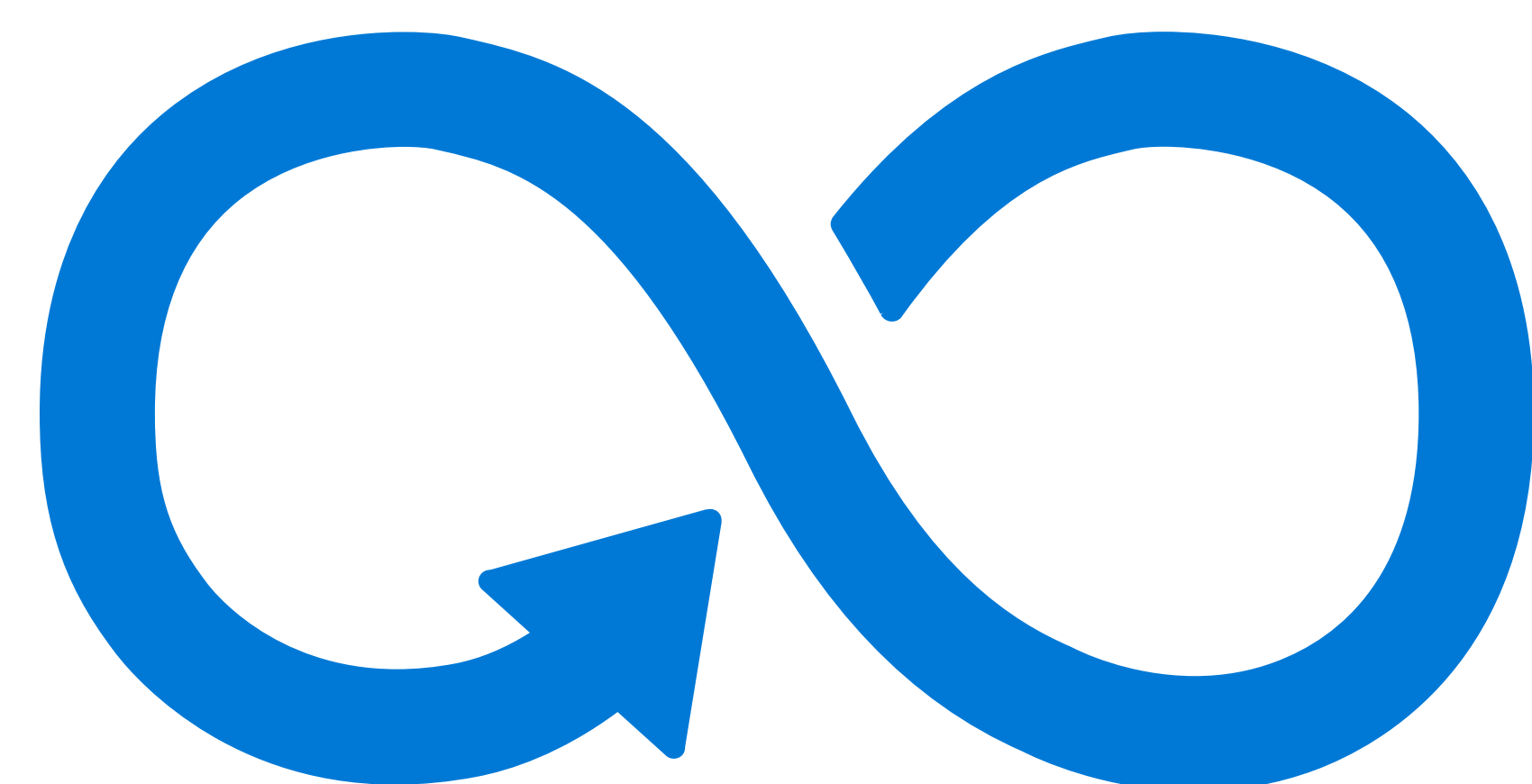
## 3.1. Our approach to managing environmental issues

3-3, 2-27

An important dimension of our care for the environment is responsible purchasing. From the start of 2023, we began to oblige new suppliers of products and services to comply with the Sustainable Development Policy for LOTTE Wedel suppliers prepared in 2022. It includes the following statement:

*The supplier strives to protect the natural environment and is obliged to comply with all legal obligations and regulations in this respect. The supplier also strives to obtain the best knowledge about its environmental impact and controls the basic indicators in this area, aiming to improve them if necessary.*

The policy will be developed further. To this end, we shall introduce a detailed survey so as to comprehensively cover the largest possible group of our suppliers.



## 3.2. Raw materials

3-3 (301)

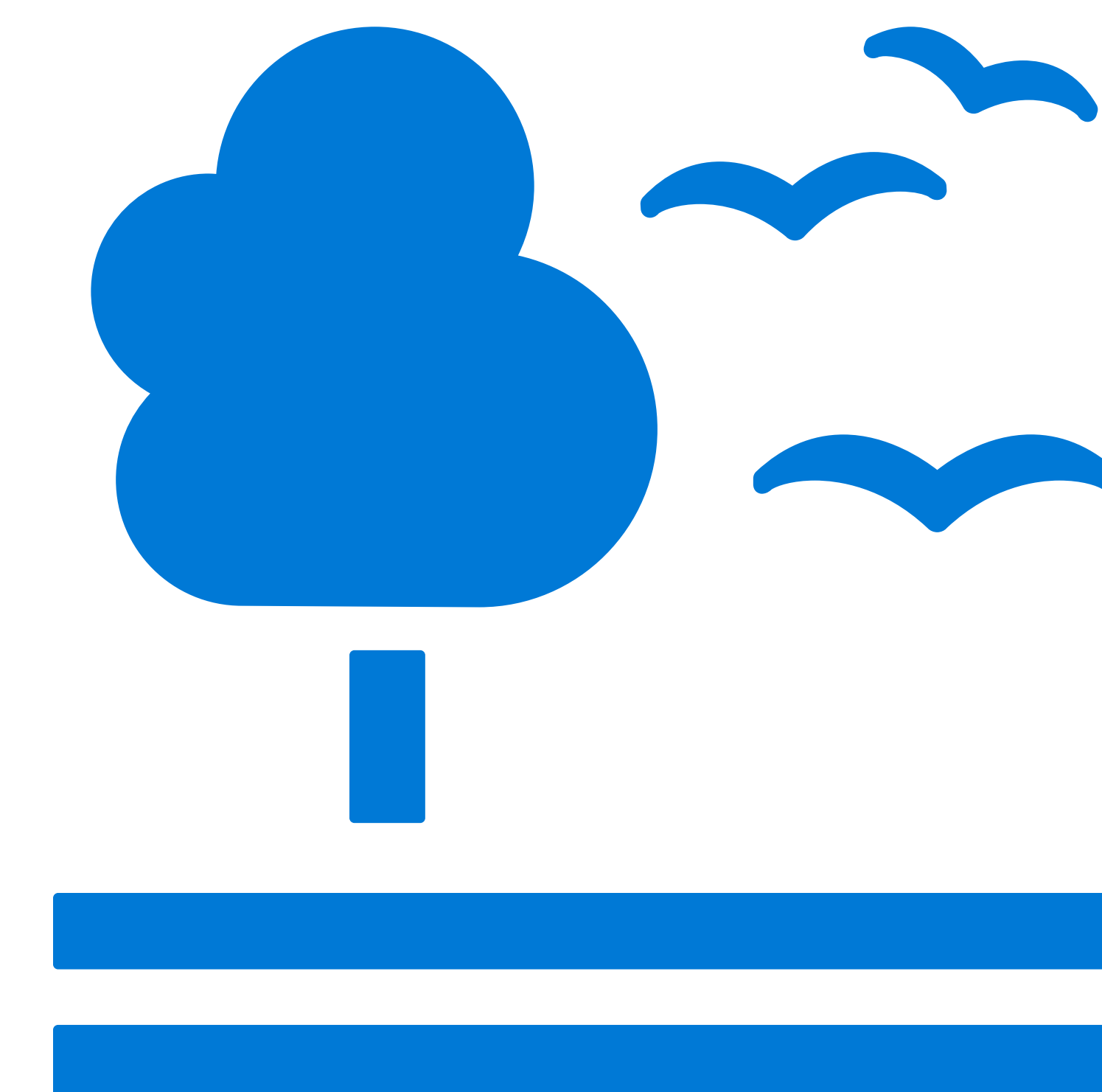
In accordance with our CSR strategy, in our daily activities we pay special attention to the use of materials and raw materials that are not only of high quality, but also neutral for the environment.

We only buy palm oil, one of our main raw materials, with an international RSPO certificate. Thanks to this, we can be sure that its acquisition does not contribute to the deepening of negative environmental impacts, such as the cutting down of tropical forests. We have also undertaken to certify the production plant with the Rainforest Alliance standard and implement the aforementioned certification for the selection of new products containing cocoa raw materials.

More information can be found in chapter 2.4. Quality of raw materials and their sustainable origin. In chapter 3.5. Waste management, we write about the use of sustainable raw materials for the production of packaging for our products.

We also require ecological responsibility from our suppliers of raw materials and non-certified materials. Since the beginning of 2023, we have imposed this obligation on suppliers through the Sustainable Development Policy for Suppliers of LOTTE Wedel, to which they commit themselves by signing a cooperation agreement with us. According to the mentioned document:

*The supplier strives for the rational and sustainable sourcing of raw materials, and in their purchasing decisions they make every effort to ensure that raw materials are obtained without harming the natural environment, forests, protected lands, with a respect for biodiversity and with care for the social aspects of the entire supply chain.*





# 3. Wedel and the environment

## 3.2. Raw materials

### 301-1

In 2022, we used a total of 45,468.5 tonnes of raw materials and materials in our plant for production and packaging processes 6 (more than 2% when compared to 2021).

Materials and raw materials used for production and packaging *	Non-renewable [t]	Renewable [t]
Raw materials (natural resources processed into products or services)		37 823,2
Associated process materials (materials needed for the manufacturing process but not part of the final product)	machine lubricants 0.1	water 68,2
Semi-finished products, including all types of materials and components other than raw materials that go into the final product	adhesive tapes 5.9	
Materials used for packaging	plastics 1854,2 aluminium tins 45,2 aluminium foil 14,8	card 5635,1 paper 21,8
<b>Total</b>	<b>1920,2</b>	<b>43 548,3</b>

\* The division into renewable and non-renewable is partly subjective, as the categories listed are not used in the company's system records of the consumption of raw materials and materials.

<sup>6</sup> Not included here are joint productions commissioned by LOTTE Wedel

### 301-2

#### Use of recycled starting materials

Percentage of recycled raw materials and input materials used to make primary products in 2022.	
Total mass of raw materials/materials used [t]	45 468
Weight of processed raw materials/initial materials used [t]:	2 057
– recycled paper and cardboard used in packaging [t]	2 046
– plastics used in packaging [t]	11
<b>Percentage of recycled raw/initial materials used</b>	<b>4,5%</b>






# 3. Wedel and the environment

## 3.3. Reduction of our carbon footprint

3-3 (305)

We consider the climate crisis to be one of the greatest challenges facing our world, which is why we are gradually reducing our carbon footprint, i.e. greenhouse gas emissions resulting from the company's operations. In accordance with our CSR strategy, as of 2020 the electricity we buy for the needs of the workings of the LOTTE Wedel factory and office is zero-emission electricity from renewable sources. The contract with the energy concern, confirmed by a certificate issued by the Polish Society for Energy Certification, certifies that the RES introduced to the distribution network and covering our needs is produced to 100% in a specific wind farm in a strictly defined time.

305-5

<b>12 616 tonnes of CO<sub>2</sub></b>	<b>was not released into the atmosphere in 2022 thanks to the wind energy we buy</b>	
--	--	---

Reduction of our carbon footprint has come about through our limiting of the consumption of gas, heat and automotive fuels and through our creation of packaging that takes into account eco-design principles.

*As a result of these activities, we have reduced greenhouse gas emissions resulting from the fuel consumption of our fleet by over 15% (in 2022 compared to the base year of 2019).*

**We have undertaken a number of initiatives to reduce fuel consumption and reduce greenhouse gas and other pollutant emissions from our vehicles:**

- All new cars used by our company meet the requirements of the Euro 6 emission standard.**
- 22% of our fleet has a hybrid system.**
- Older car models are being systematically replaced with more environmentally friendly ones.**
- We are eliminating diesel-powered vehicles from the fleet.**
- We enable employees to give up a company car in exchange for financial compensation, which encourages the rational and environmentally friendly management of their mobility.**
- As a part of competitions and sporting challenges, etc., we promote cycling to work, and we also provide appropriate infrastructure.**
- In the training program for users of our cars, "Someone is waiting for you", we include the topic of economical driving.**
- Thanks to the implemented "Route to Market" strategy addressed to sales representatives, we have optimised travel routes, adapting activities to current needs.**



# 3. Wedel and the environment

## 3.3. Reduction of our carbon footprint

3-3 (305)

We also expect our partners throughout the value chain to take steps towards climate neutrality. The Sustainable Development Policy for LOTTE Wedel Suppliers states:

*The supplier takes initiatives to reduce air pollution and reduce greenhouse gas emissions, and monitors gas emissions. Suppliers, at the request of LOTTE Wedel, provide information on their activities in the field of carbon footprint measurements. The supplier strives to minimise energy consumption and, where possible, uses energy-saving technologies as well as fuels and energy from renewable sources.*

**Thanks to initiatives implemented in many areas of our company's operations, we have managed to achieve a decrease in greenhouse gas emissions, or their maintenance at a similar level, year on year, despite the increase in production levels.**

At the time of the publication of this report, work was underway on a comprehensive decarbonisation strategy in our company. In the course of internal work, the possibilities of reducing emissions of individual greenhouse gases (CO<sub>2</sub>, CH<sub>4</sub>, NO<sub>x</sub>) will be determined. Selected actions will be implemented in stages over the next several years (short and long term). The strategy development project is conducted in accordance with the GHG Protocol methodology, and representatives of all departments of the organisation (including the management team) are involved in its implementation, which has allowed for a comprehensive analysis and the development of real commitments.





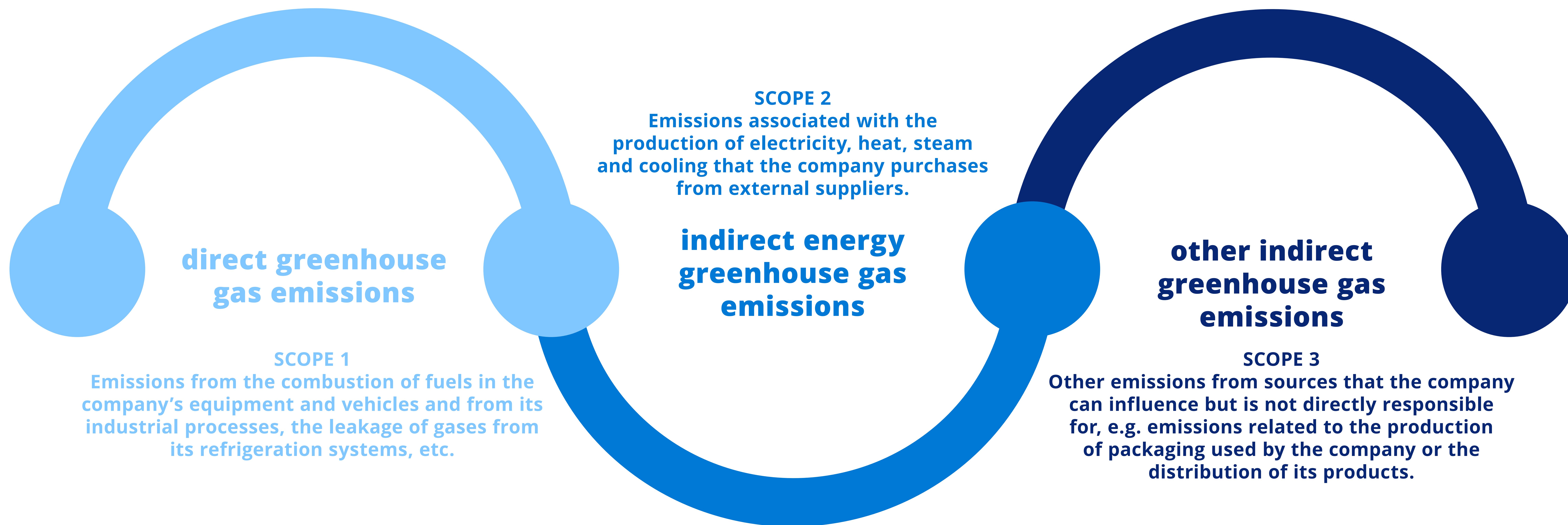
# 3. Wedel and the environment

## 3.3. Reduction of our carbon footprint

305-1, 305-2, 305-3

### MONITORING OF GREENHOUSE EMISSIONS

OUR CARBON FOOTPRINT CONSISTS OF:



In 2023, the measuring of our carbon footprint became a permanent fixture of internal control and sustainability reporting. Appropriate calculations were made for the factory, taking into account 100% of direct and indirect energy emissions as well as emissions from the downstream and upstream of Scope 3 areas (all relevant categories for the conducted activity were analysed and disclosed).

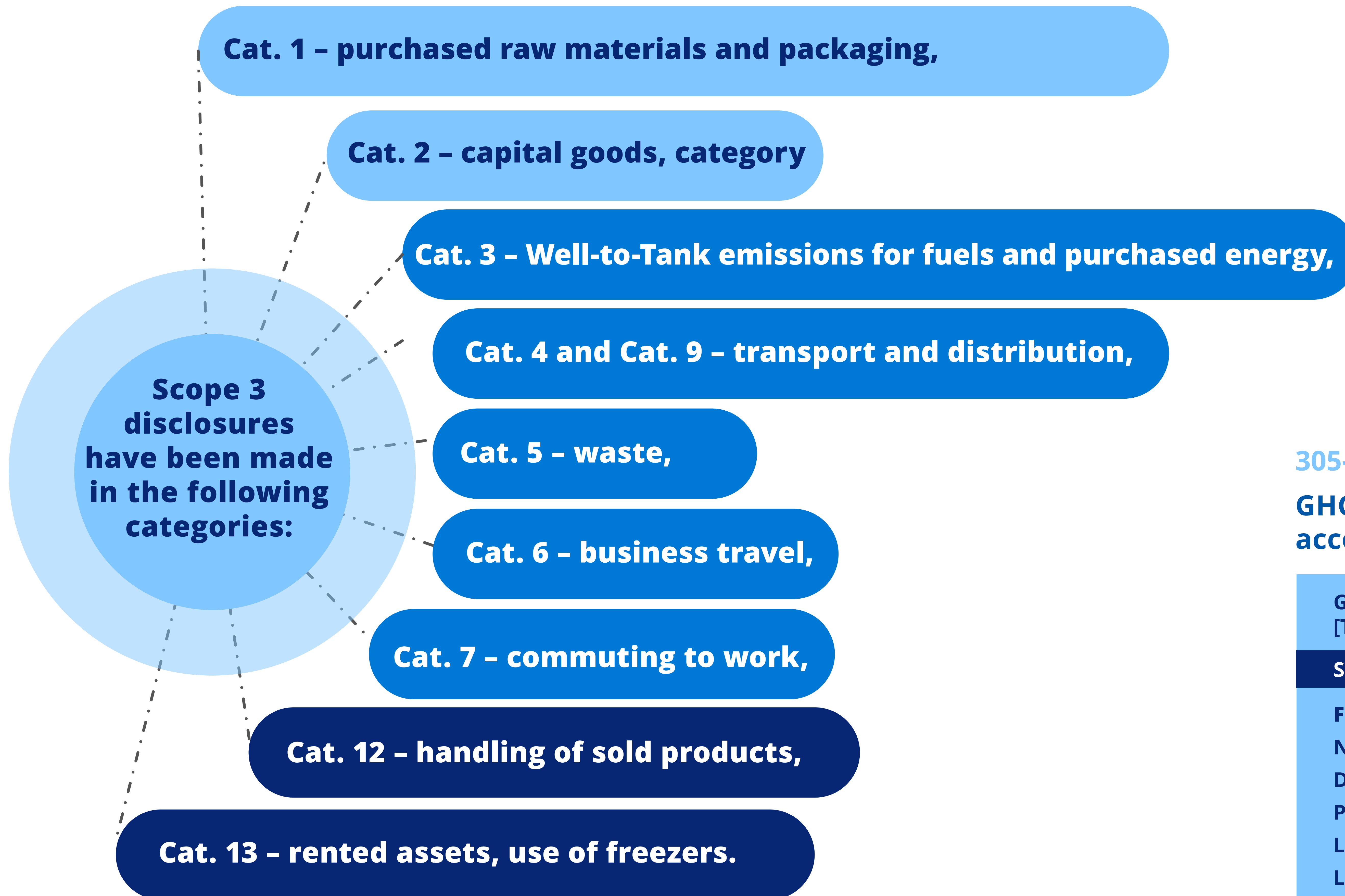
In order to analyse trends, emissions for Scope 1 and Scope 2 were calculated for the years 2019-2022, and for Scope 3 - for the years 2020-2022. Some categories were averaged based on the available data from selected years, which were marked with a comment.



# 3. Wedel and the environment

## 3.3. Reduction of our carbon footprint

305-1, 305-2, 305-3



Thanks to the adopted methodology for calculating the company's carbon footprint, we have been able to precisely compare and monitor the effects of the implementation of specific reduction initiatives.

### DIRECT AND INDIRECT ENERGY GREENHOUSE GAS EMISSIONS

305-1, 305-2

GHG emission volume of LOTTE Wedel divided into emission sources according to the location-based method

GHG EMISSIONS [TONNES OF CO <sub>2</sub> E]	2019	2020	2021	2022	CHANGE 2022 VS 2019
<b>Scope 1</b>	<b>4 888</b>	<b>4 398</b>	<b>4 725</b>	<b>4 706</b>	<b>-4%</b>
<b>Fuels</b>	<b>4 888</b>	<b>4 149</b>	<b>4 157</b>	<b>4 357</b>	<b>-11%</b>
Natural gas	3 176	2 931	2 748	2 906	-8%
Diesel	1 616	1 055	1 156	1 165	-28%
Petrol	94	161	251	285	+202%
LPG cylinders	2,5	2,20	1,65	1,13	-55%
LPG	0,02	0,00	0,00	0,07	+196%
Refrigerants	-	249	568	348	-
<b>Scope 2</b>	<b>14 574</b>	<b>13 430</b>	<b>13 867</b>	<b>14 158</b>	<b>-3%</b>
<b>Electricity</b>	<b>13 010</b>	<b>12 005</b>	<b>12 189</b>	<b>12 616</b>	<b>-3%</b>
<b>Thermal energy</b>	<b>1 564</b>	<b>1 425</b>	<b>1 677</b>	<b>1 542</b>	<b>-1%</b>
<b>Scope 1 + 2</b>	<b>19 462</b>	<b>17 828</b>	<b>18 592</b>	<b>18 863</b>	<b>-3%</b>



# 3. Wedel and the environment

## 3.3. Reduction of our carbon footprint

GHG emission volume of LOTTE Wedel divided into emission sources according to the market-based method

GHG EMISSIONS [TONNES OF CO <sub>2</sub> E]	2019	2020	2021	2022	CHANGE 2022 VS 2019
<b>Scope 1</b>	<b>4 888</b>	<b>4 398</b>	<b>4 725</b>	<b>4 706</b>	<b>-4%</b>
<b>Fuels</b>	<b>4 888</b>	<b>4 149</b>	<b>4 157</b>	<b>4 357</b>	<b>-11%</b>
Natural gas	3 176	2 931	2 748	2 906	-8%
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Petrol	94	161	251	285	+202%
LPG cylinders	2,5	2,20	1,65	1,13	-55%
LPG	0,02	0,00	0,00	0,07	+196%
Refrigerants	-	249	568	348	-
<b>Scope 2</b>	<b>16 134</b>	<b>2 025</b>	<b>1 677</b>	<b>1 542</b>	<b>-90%</b>
Electricity	14 570	600	0	0	-100%
Thermal energy	1 564	1 425	1 677	1 542	-1%
<b>Scope 1 + 2</b>	<b>21 022</b>	<b>6 423</b>	<b>6 403</b>	<b>6 248</b>	<b>-70%</b>

Biogenic emissions of LOTTE Wedel related to the combustion of biocomponents contained in fuels

[TONNES OF CO <sub>2</sub> ]	2019	2020	2021	2022	CHANGE 2022 VS 2019
Biogenic emissions	72	51	77	61	-15%

\* The calculation results for business trips from 2020-2021 are not comparable due to the lower frequency of business trips caused by the pandemic situation.

## OTHER INDIRECT GREENHOUSE GAS EMISSIONS AND TOTAL CARBON FOOTPRINT

305-3

GHG emissions of LOTTE Wedel in Scopes 1, 2, 3

GHG EMISSIONS [TONNES OF CO <sub>2</sub> E]	2020	2021	2022	CHANGE 2022 VS 2020
<b>Scope 3</b>	<b>332 980</b>	<b>319 478</b>	<b>319 809</b>	<b>-5%</b>
<b>Cat. 1. Purchased raw materials and services</b>	<b>312 386</b>	<b>297 384</b>	<b>297 067</b>	<b>-5%</b>
Production raw materials	280 341	274 043	274 144	-2%
Services	25 634	16 570	15 823	-38%
Packaging	6 411	6 771	7 099	+11%
<b>Cat. 2. Capital goods</b>	<b>4 824</b>	<b>7 141</b>	<b>6 835</b>	<b>+41%</b>
<b>Cat. 3. Energy and fuel emissions not included in Scopes 1 and 2</b>	<b>1 012</b>	<b>1 180</b>	<b>1 188</b>	<b>+17%</b>
<b>Cat 4. Upstream – transport and distribution</b>	<b>12 216</b>	<b>11 092</b>	<b>11 904</b>	<b>-3%</b>
<b>Cat 5. Waste resulting from activities</b>	<b>32</b>	<b>32</b>	<b>30</b>	<b>-6%</b>
<b>Cat. 6. Business travel</b>	<b>2</b>	<b>28</b>	<b>55</b>	<b>.*</b>
<b>Cat. 7. Commuting to work</b>	<b>87</b>	<b>87</b>	<b>87</b>	<b>.**</b>
<b>Cat. 9. Downstream – transport and distribution</b>	<b>1 514</b>	<b>1 514</b>	<b>1 514</b>	<b>.**</b>
<b>Cat. 12. Handling of sold products after their end of use</b>	<b>875</b>	<b>1 003</b>	<b>1 096</b>	<b>+25%</b>
<b>Cat. 13. Downstream – rented assets</b>	<b>32</b>	<b>17</b>	<b>33</b>	<b>+3%</b>
<b>Scopes 1 + 2 + 3 location-based</b>	<b>350 808</b>	<b>338 340</b>	<b>338 673</b>	<b>-4%</b>
<b>market-based</b>	<b>339 403</b>	<b>325 880</b>	<b>326 057</b>	<b>-5%</b>

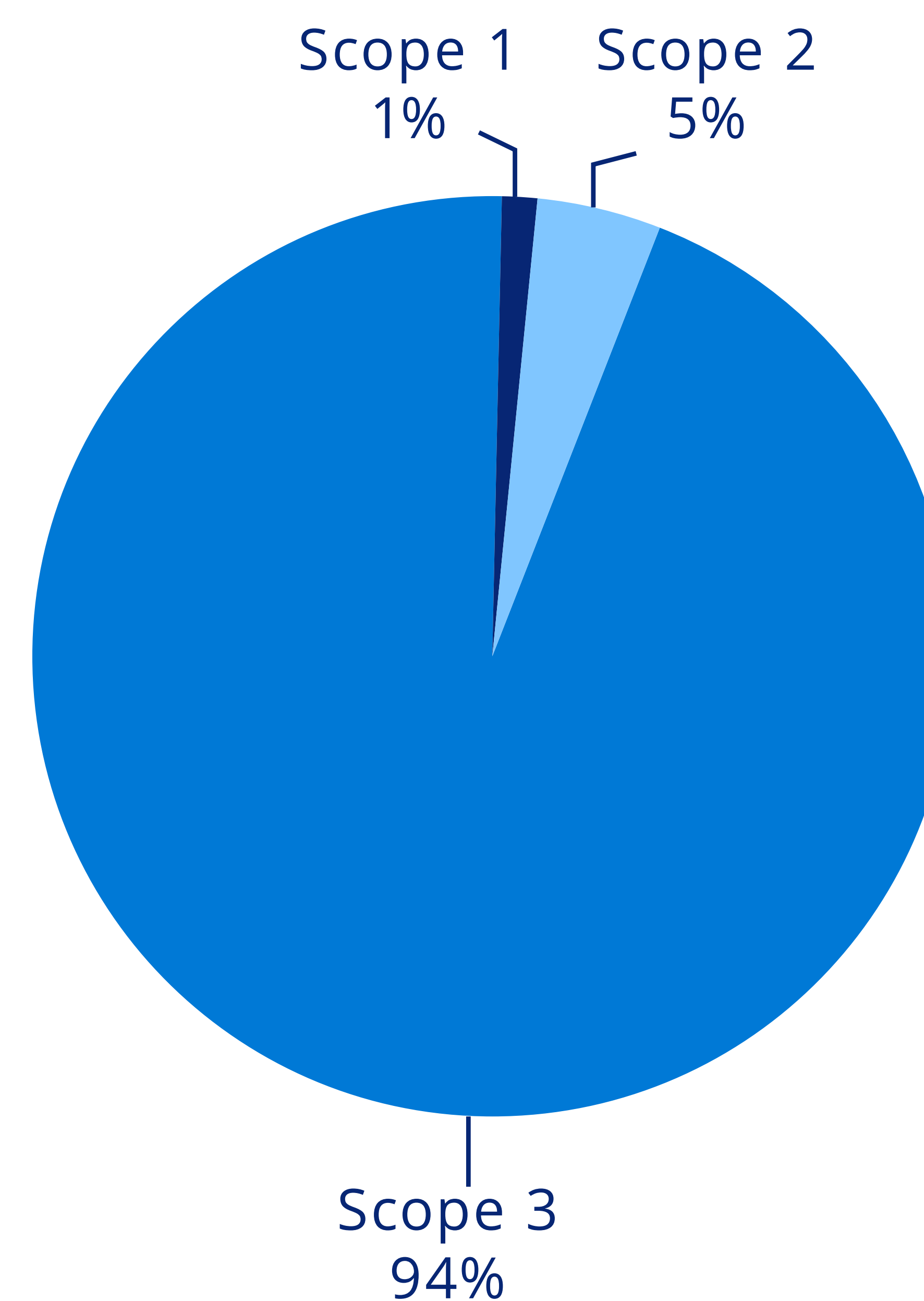


# 3. Wedel and the environment

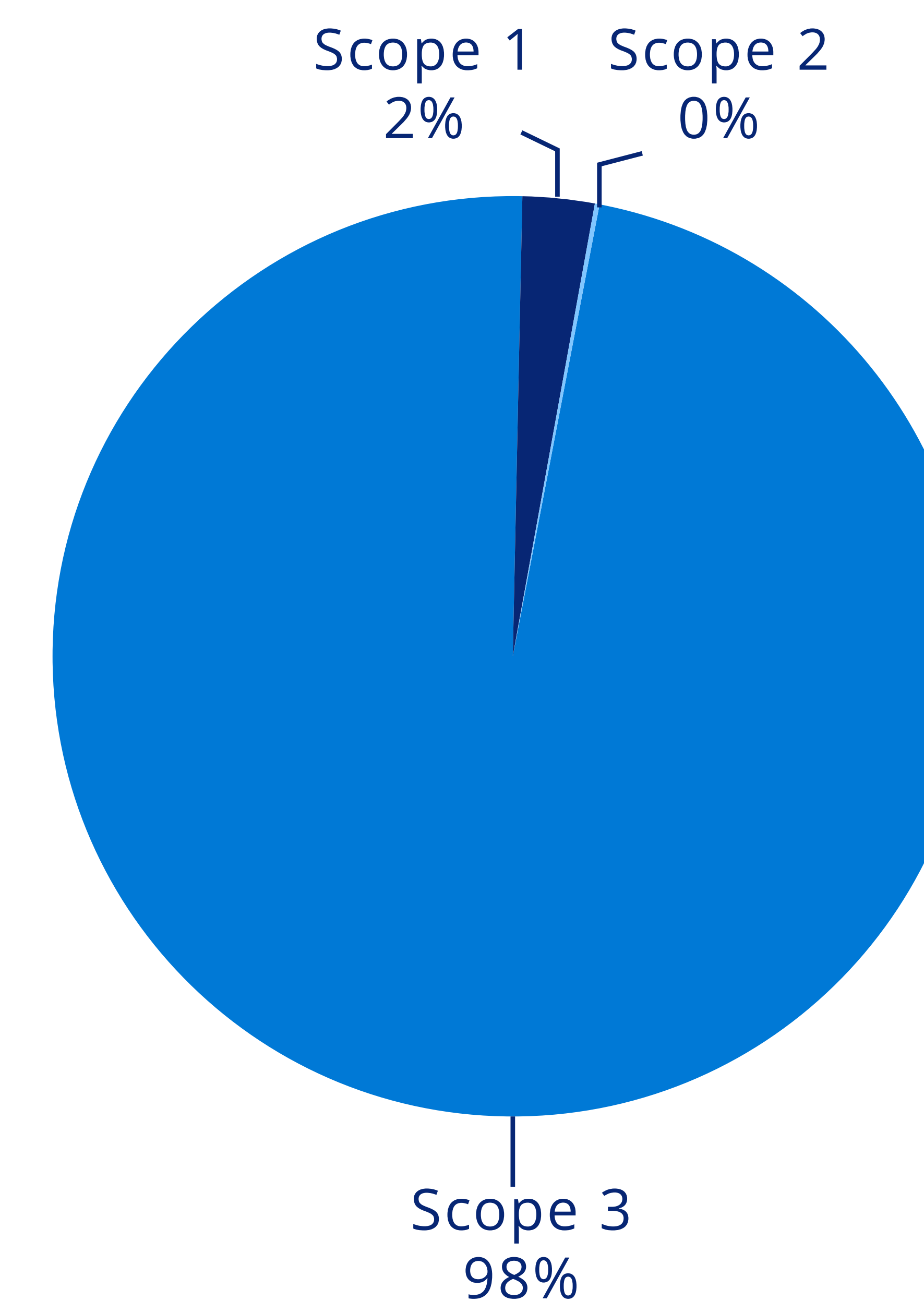
## 3.3. Reduction of our carbon footprint

Carbon footprint emissions were calculated based on two analysis methods in accordance with the GHG Protocol: spend-based and average date. Scope 3 had the greatest impact on the organisation's carbon footprint, accounting for 98% of emissions (market-based), the vast majority of which are emissions related to purchased production raw materials. In 2022, the carbon footprint generated by the purchase of raw materials and their transport (Cat. 4) decreased to a small degree, despite the increase in production volume. The emission rate associated with capital goods (Cat. 2) has been increasing in recent years due to investments undertaken by the company. Emissions resulting from commuting to work (Cat. 7) and the transport of finished products (Cat. 9) were estimated on the basis of available data and related to a period of three years. An increase in the carbon footprint was observed for packaging due to increased purchasing volume. Plans to reduce emissions from packaging are described [here](#).

In the case of direct and indirect energy emissions (Range 1 and Range 2 market-based), the largest share in the carbon footprint of LOTTE Wedel has purchased heat and combustion of natural gas. Due to the purchase of electricity exclusively from renewable sources, a 100% reduction in Scope 2 emissions was achieved compared to 2019. Arising from process changes in the production plant, we also eliminated the purchase of LPG in cylinders used for forklifts.



Share of emission scopes in 2022 (location-based)



Share of emission scopes in 2022 (market-based)



# 3. Wedel and the environment

## 3.3. Reduction of our carbon footprint

305-4



### Emission intensity ratios

Ratio [kg CO <sub>2</sub> e/kg sales]	2019	2020	2021	2022	CHANGE 2022 VS BASE YEAR
Scope 1+2 location-based	0,557	0,578	0,552	0,552	-7%
Scope 1+2 market-based	0,557	0,190	0,172	0,169	-71%
Scope 1+2+3 location-based	n.d.	9,758	9,025	8,897	-9%
Scope 1+2+3 market-based	n.d.	8,981	8,969	8,424	-6%

Emission intensity, i.e. the carbon footprint per unit of production (kg) decreased in 2022 by 7% for Scope 1 and Scope 2 combined compared to the base year 2019 and by 9% for Scope 1, Scope 2 and Scope 3 in relation to 2020, which confirms the effectiveness of our reduction measures.

### Calculation methodology and sources of ratios

Fuel and energy consumption is monitored in the company's internal registers. GHG emissions have been calculated in accordance with the following standards:

- The Greenhouse Gas Protocol. A Corporate Accounting and Reporting Standard Revised Edition,
- GHG Protocol. Scope 2 Guidance,
- Corporate Value Chain (Scope 3). Accounting and Reporting Standard.

The greenhouse gases included in the analyses are CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O and gases contained in the released refrigerants.

The criterion of operational control was adopted as the criterion for consolidation of the Group's emissions.

The base year was 2019 for Scope 1 and Scope 2 and 2020 for the analysis covering Scope 1, 2 and 3 jointly, which resulted from the availability of data.

Emissions related to the generation of purchased electricity were calculated using two methods. In the case of the location-based method, the average emission factor for Poland was used, while in the market-based method for energy not covered by guarantees of origin from RES, the residual mix indicator was used – the average national indicator excluding energy from RES redeemed on the market under certificates.

The sources of emission factors were the publications of the National Centre for the Balancing and Management of Emissions and the Energy Regulatory Office, as well as the DEFRA, ADEME and Ecoinvent databases.



# 3. Wedel and the environment

## 3.3. Reduction of our carbon footprint

305-4



*Climate change represents the most important issue that our world is facing. In order to minimise adverse environmental impacts, we need to start assessing our supply, production, distribution and consumption processes in the context of the influence they are having on the climate. Calculating the carbon footprint of a company or product is an effective tool for achieving this goal, allowing us to understand the impact of a given company on the climate; and to then set specific goals and establish directional shifts. This is the first step on the path to implementing a decarbonisation strategy, one that will involve long-term thinking about the reduction of emissions; and always with an eye to ultimately achieving climate neutrality. It is worth adding that the data obtained thanks to this process will in the future become an important indicator for assessing the market competitiveness of companies – and this will be in accordance with EU standards. Therefore, in the future, calculating carbon footprints and taking action to reduce the same will deliver a multiplicity of benefits to businesses. In the short term, we can expect to see carbon-footprint curtailments become an increasingly common legal obligation, thus impacting how companies develop and grow.*

**WITOLD DŽUGAN**  
**CERTIFICATION DIRECTOR,**  
**MEMBER OF THE MANAGEMENT BOARD**  
**OF BUREAU VERITAS POLSKA SP. Z O. O.**





# 3. Wedel and the environment

## 3.4. Reduction of our energy needs

3-3 (302)



In our production plant and central office, numerous activities are carried out to reduce the consumption of electricity, gas, steam, hot water and process heat, the impact of which, together with the estimation of reduction possibilities, is detailed in the ongoing decarbonisation project. The activities we carry out are: energy audits (obligation resulting from the Energy Efficiency Act),



**ENERGY AUDITS (IN ACCORDANCE WITH THE ENERGY EFFICIENCY ACT)**



**AUDITS OF COMPRESSED AIR INSTALLATIONS,**



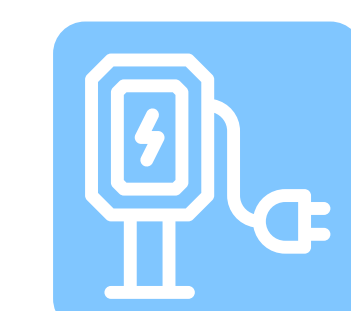
**FLUSHING HEAT EXCHANGERS,**



**INSPECTION AND REPLACEMENT OF THERMAL INSULATION,**



**REPLACEMENT OF LIGHTING WITH ENERGY-SAVING ONES (LED),**



**SCHEDULING THE SHUTDOWNS OF AIR-CONDITIONING INSTALLATIONS,**



**INCREASING EMPLOYEES' ENERGY AWARENESS (ARTICLES IN INTERNAL COMMUNICATIONS, COMPETITIONS, ETC.) AND REGULARLY COLLECTING EMPLOYEES' IDEAS FOR IMPROVEMENT, AND IMPLEMENTING THE SELECTED IDEAS.**

We analyse technological processes on an ongoing basis in order to identify devices that generate the highest energy consumption, and then we determine the possibilities of minimising consumption and eliminating losses. When ordering machinery and equipment and modernising existing installations, including power installations (both on the heat supply and cooling side), we prefer those with the highest efficiency, which translates into reduced electricity and gas consumption per unit of production.

Currently, the factory does not have a comprehensive system for monitoring utility consumption for individual areas, so it is not possible to determine how much energy savings are brought about by individual corrective actions.

### 302-1

Total Energy Use [GJ]	2021	2022	Change 2022 vs 2021
Energy from burning natural gas	54 904	51 876	-6%
Purchased electricity from renewable sources	67 265	68 184	+1%
Purchased district heating	17 012	15 641	-8%
<b>Total use</b>	<b>139 181</b>	<b>135 701</b>	<b>-3%</b>

**182**

**We installed energy-saving LED lamps during the modernisation of an office building.**





# 3. Wedel and the environment

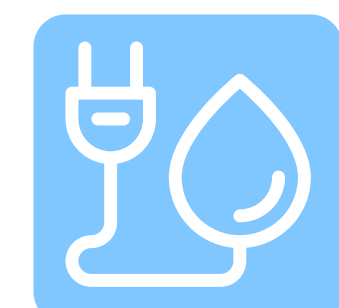
## 3.5. Water management

3-3 (303)

We use the municipal water supply and sewage system. The rules of water intake are governed by the agreement with the Municipal Water and Sewage Company in the capital city of Warsaw, and the principles of effluent disposal, e.g. permissible parameters are specified in the agreement with the aforementioned entity and the water law permit for the discharge of effluents into the sewage systems. Wastewater that may contain oils or other fats produced during the production process is pre-treated on fat separators before being discharged to the sewage system.

We are constantly exploring the possibilities of optimising our water management. Where it is feasible, we introduce closed loops, and in other cases we use technologies that reduce water consumption. We conduct an ongoing analysis of its consumption, and in the event of unjustified increases, we analyse the causes and develop corrective actions.

### Consumption is optimised by, among others:



A WATER RECOVERY SYSTEM FROM THE LAST RINSING OF THE INSTALLATION TO ITS INITIAL RINSING BEFORE THE MAIN WASHING,

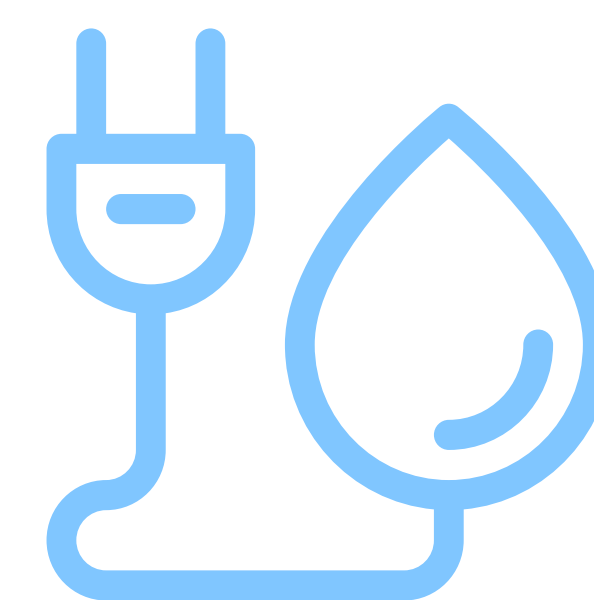


ENCLOSED CIRCULATION OF HEATING MEDIA, WITH STEAM/WATER HEAT EXCHANGERS (FOR SUPPLYING DOUBLE JACKETS) AND FOR CONDENSATE RETURN TO THE BOILER ROOM,



CLOSED CHILLED WATER CIRCUITS IN COOLING SYSTEMS.

3-3 (303)



**In 2022, we collected a total of 68.195 MI of water, which is 0.2% less than in 2021. It was drawn entirely from the Warsaw municipal water supply.**



We keep LOTTE Wedel's company vehicles clean by using manual car washes, which have a much lower environmental impact than automatic car washes. Estimated water consumption for manual cleaning is only 80-90 l, while automatic washing would require 200-300 l. By choosing manual car washes from mid-2021 to the end of November 2022, we saved almost 166,000 litres of water, which is confirmed by the certificate issued by the company Multiwash.



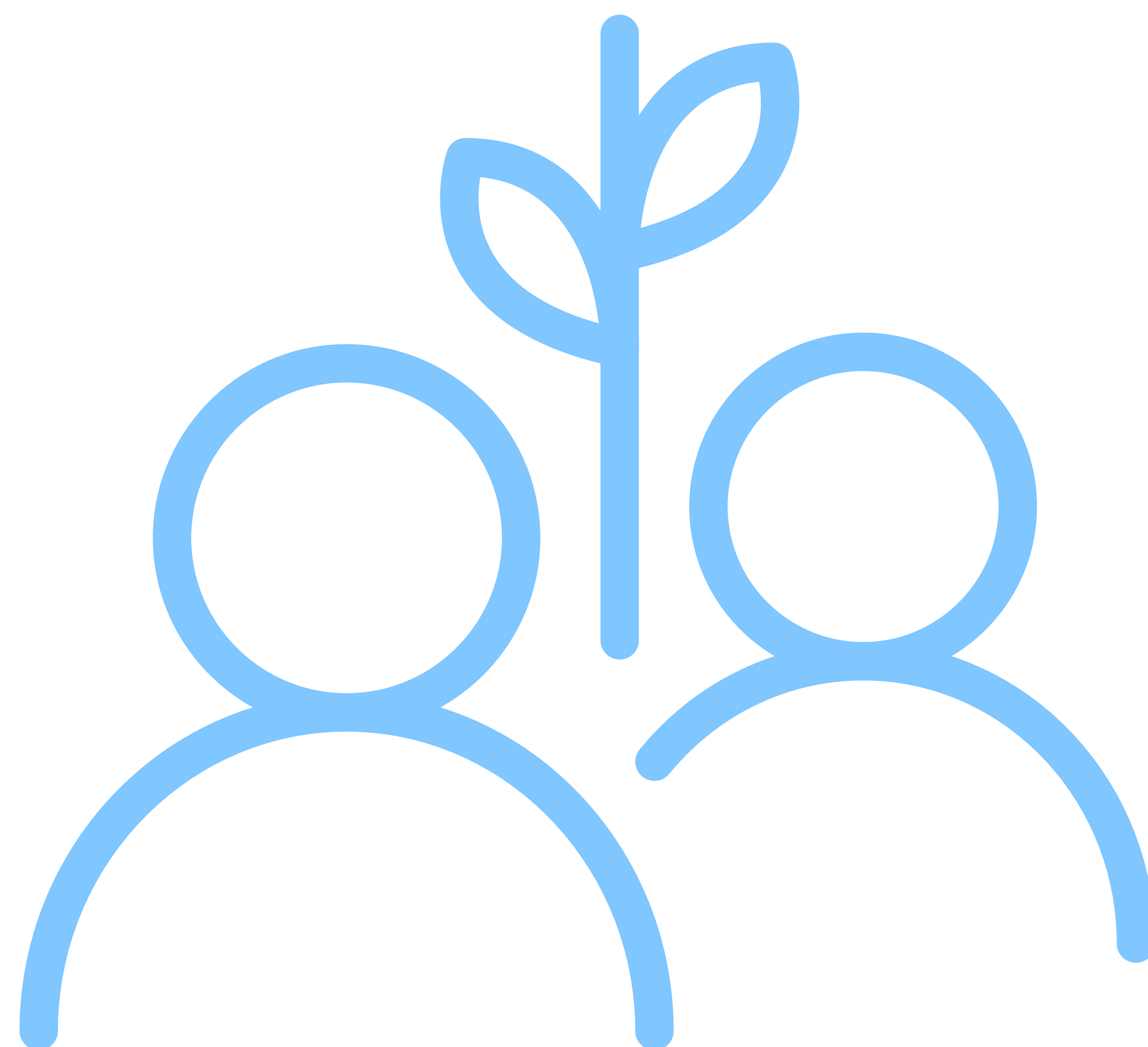
# 3. Wedel and the environment

## 3.6. Waste management

3-3 (306), 306-1, 306-2

We always look to prevent the generation of waste and maximise the reuse of wastes that could not be avoided. Issues related to waste management at the company's premises are regulated by an integrated permit, thanks to which negative impacts on the environment have been limited to the absolute minimum. In addition, internal documents have been implemented that define the methods of minimising the generation of waste at the plant, proper handling of waste (including segregation, collection and delivery to recipients) and the scope of responsibility at each stage of operation. The SAP system (the monitoring of production waste) and the BDO system (waste recording through waste transfer cards and waste record cards) are used to collect and analyse waste data.

We strive to ensure that our partners also approach the subject of waste management in a responsible manner. In the Sustainable Development Policy for LOTTE Wedel Suppliers, we have included a provision that they should manage waste in accordance with all legal requirements and support the circular economy. They should also avoid unnecessary packaging and choose recyclable materials.



### MINIMISATION OF WASTE

In order to reduce the amount of generated waste, in the spirit of the less-waste idea, we have implemented the following actions:



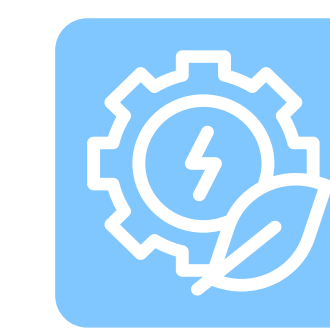
WE CONSTANTLY ANALYSE THE POSSIBILITIES OF REDUCING THE CONSUMPTION OF RAW MATERIALS AND MATERIALS IN PRODUCTION PROCESSES AND WE MONITOR WASTE RATIOS ON AN ONGOING BASIS,



WE USE SO-CALLED USABLE WASTE, I.E. RAW MATERIALS AND SEMI-FINISHED PRODUCTS THAT CAN BE RECYCLED INTO PRODUCTION (AN EXAMPLE IS THE ADDITION OF CRUSHED WAFERS CUT FROM TORCIK WEDLOWSKI TO BATON BAJECZNY),



WE USE REUSABLE PALLETS,



WE EFFECTIVELY MANAGE TRANSPORT; E.G. COLLECTION OF WASTE TAKES PLACE ONLY AFTER THE GATHERING OF A LOGISTIC UNIT,



WE USE RAW MATERIAL PACKAGING, E.G. WE USE EMPTY BARRELS TO STORE SEMI-LIQUID WASTE,



PART OF THE PACKAGING OF CHEMICAL SUBSTANCES AND THE ROLLS ON WHICH THE STRETCH FILM IS WOUND ARE RETURNED TO THE SUPPLIERS FOR REUSE,



WE REUSE ELEMENTS OBTAINED FROM DAMAGED/UNUSED MACHINES AND DEVICES (E.G. WE GIVE A SECOND LIFE TO BROKEN LAPTOP BATTERIES),



PRODUCTS AND MATERIALS NO LONGER REQUIRED THAT HAVE NOT LOST THEIR FUNCTIONAL PROPERTIES ARE DONATED FOR CYCLICAL SALES TO EMPLOYEES.



# 3. Wedel and the environment

## 3.6. Waste management

3-3 (306), 306-1, 306-2

### Collection and segregation

In our plant, there is a full segregation of waste divided into five segments. For their collection, we use only properly marked containers, baskets, containers, etc., thanks to which individual types of waste do not mix, which allows us to maintain high-quality raw material for the recycling process. Places for the temporary collection of waste are properly described and protected against the influence of weather conditions and the possibility of uncontrolled leakage into the environment. Waste, by type, is transferred to verified, authorised recipients.

### Education

The rules of waste management are periodically re-raised, e.g. through one-off lessons, competitions, and workshops conducted by our partner recycling organisation REKOPOL; as well as by means of visualisations on the premises of the plant. We are also involved in educating our consumers. Through an organisation dealing with the recovery of packaging, we run campaigns in kindergartens aimed at teaching young children the correct attitude towards waste.

### Generating waste

The largest groups of operational waste are:



**PACKAGING WASTE, OF WHICH PAPER AND CARDBOARD HAVE THE LARGEST SHARE (54% OF THE TOTAL WEIGHT OF WASTE),**



**RAW MATERIALS AND PRODUCTS UNSUITABLE FOR CONSUMPTION.**

*The Extended Producer Responsibility (ROP) system has placed companies on the front line when it comes to our fight for the planet's survival.*

*This very system assumes that all companies which introduce products to the market – to include product packaging – bear not only financial but also organisational responsibility for every stage of their lifecycle. Thanks to this realisation, we have begun to abandon short-sighted thinking about the life of a product; and to understand that potential waste is in fact a valuable raw material. That is why an approach that aligns with the eco-design idea is so important, as it ensures that all packaging entering the market is of the highest possible quality, and we can then recycle it in the best possible way. In this context, the verifiability of waste and, of course, the continuous education of consumers regarding segregation, must remain a key focus. Indeed, in a well-functioning system, we shall all be able to work towards achieving a waste-free future.*

**ANETA STAWICKA  
REKOPOL  
PACKAGING  
RECOVERY  
ORGANIZATION S.A.**





# 3. Wedel and the environment

## 3.6. Waste management

### 306-3

Waste generated [t]	2021	2022	Change 2022 vs. 2021
Non-hazardous waste	6,0	6,8	+13%
Waste other than non-hazardous	1477,2	1389,5	-6%
<b>Total</b>	<b>1483,2</b>	<b>1396,3</b>	<b>-6%</b>

### 306-4

In 2022, we recovered a total of **1,312.2 tonnes of waste**.

Waste not sent for disposal (recovered) [t]						
	2021		2022		Change 2022 vs. 2021	
Method of recycling	Hazardous waste	Non-hazardous waste	Hazardous waste	Non-hazardous waste	Hazardous waste	Non-hazardous waste
Repurposing	0,9	11,9	1,3	10,4	+44%	-13%
Recycling	0	661,6	0,3	670,7	-	+1%
Other methods of recovery	0,3	593,9	1,3	628,2	+333%	+6%
<b>Total</b>	<b>1,1</b>	<b>1267,4</b>	<b>2,9</b>	<b>1309,3</b>	<b>+164%</b>	<b>+3%</b>

### 301-3

In 2022, thanks to cooperation with a packaging recovery organisation, we recovered and recycled packaging waste with a total weight corresponding to 49% of the weight of packaging that we placed on the market together with our products.

Products and packaging materials recovered in 2022	2021	2022	Change 2022 vs. 2021
Weight of packaging placed on the market with products [t]	5044	4049	-20%
Weight of packaging waste recovered and recycled [t]	2484	1967	-21%
Percentage of recovered packaging waste	49%	49%	0 pp.

### 306-5

Waste for neutralisation with total weight 84,1 t.

Waste sent for disposal in 2022 [t]						
	2021		2022		Change 2022 vs. 2021	
Method of recycling	Hazardous waste	Non-hazardous waste	Hazardous waste	Non-hazardous waste	Hazardous waste	Non-hazardous waste
Combustion with energy recovery	4,9	195,3	3,9	78,6	-20%	-60%
Other recycling methods	0	14,6	0	1,6	-	-89%
<b>Total</b>	<b>4,9</b>	<b>209,8</b>	<b>3,9</b>	<b>80,2</b>	<b>-20%</b>	<b>-62%</b>

Despite the increase in the production volume, the mass of generated waste **decreased by 6% compared to the base year 2020**.



# 3. Wedel and the environment

## 3.6.1 Creating environmentally friendly packaging

*In accordance with our sustainable development strategy, we are implementing a comprehensive, long-term program of pro-ecological changes in the area of packaging. As a part of this strategy, we search for new raw materials, optimise the composition and weight of packaging, and change the methods of collective packaging. We want all the packaging we use to be recyclable and/or contain recycled material.*

**MAREK JANKIEWICZ,  
SENIOR PACKAGING TECHNOLOGIST**



### We have undertaken the following:

-  BY THE END OF 2023, 100% OF THE PAPER COLLECTIVE PACKAGING OF OUR PRODUCTS WILL BE FSC CERTIFIED, GUARANTEEING THAT THE PAPER RAW MATERIAL COMES FROM SUSTAINABLE SOURCES,
-  BY THE END OF 2030, 100% OF THE PLASTIC PACKAGING WE PUT ON THE MARKET WILL BE RECYCLABLE (THE TARGET HAS BEEN REVISED IN RELATION TO OUR PREVIOUS COMMITMENT DUE TO A SHARP INCREASE IN THE PRICES OF RAW MATERIALS, INCLUDING RECYCLABLE MATERIALS).



# 3. Wedel and the environment

## 3.6.1 Creating environmentally friendly packaging

We are in the process of working on a comprehensive eco-packaging strategy that is in line with the assumptions of the circular economy. As part of this strategy, all goals to be achieved by the end of 2030 will be adopted, including the introduction of labelling to enable the selective collection of our packaging and the reduction of paper and plastic used; and the commensurate reduction of greenhouse gas emissions.

### Actions taken

#### Changing materials to recycling materials and reducing weight of packaging

We are successively changing the packaging of Ptasie Mleczko® marshmallows so that 100% of them are recyclable.

- At the same time, we will reduce the amount of plastic used by **approx. 14%**.
- We have reduced the weight of plastic chocolate packaging by **13%** and are working to reduce this by another 2 percentage points.
- We have reduced the amount of machine stretch film used by 34% and are optimising the packaging process to reach **43%**.

We are working to reduce the barrier layers in the foils of our chocolates and bars to the necessary minimum, thanks to which these packagings will be properly prepared for recycling (without changing the current shelf life of the products). We are also completing work related to the changing of the foil used in the Ptasie Mleczko® marshmallow trays, which will facilitate their recycling.

### Implementing eco-design

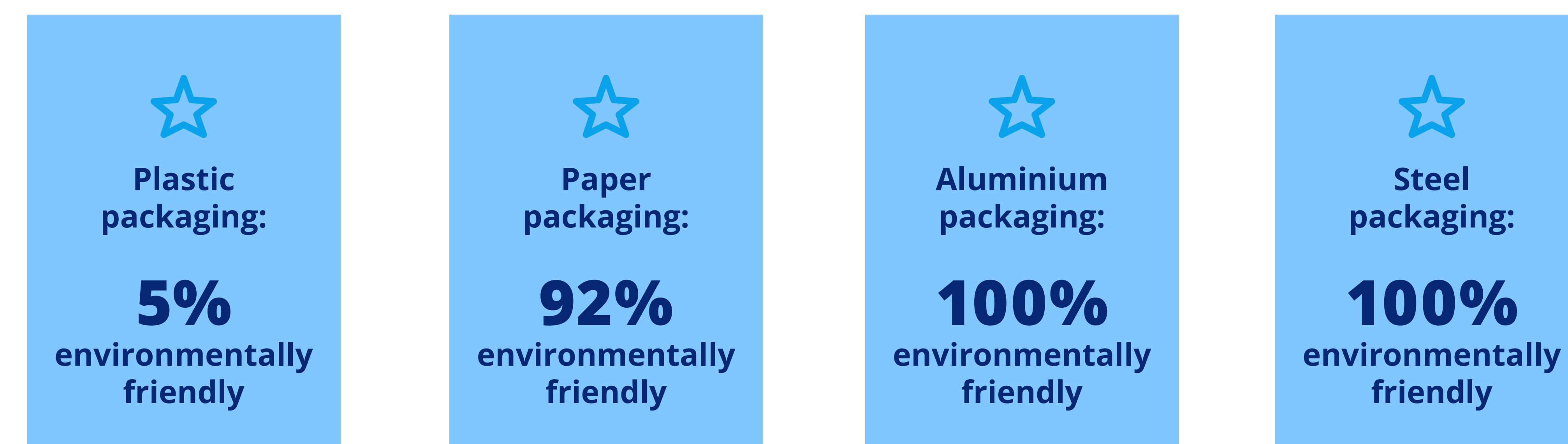
The impact on the environment throughout the so-called life cycle becomes a fundamental criterion when designing new packaging for our products. In 2023, we will create and implement a company-wide sustainable packaging policy; we also plan to link initiatives in this area with activities to reduce the organisation's carbon footprint. In this way, we will have a guarantee that each packaging is created in accordance with the assumptions of eco-design.

### Packaging

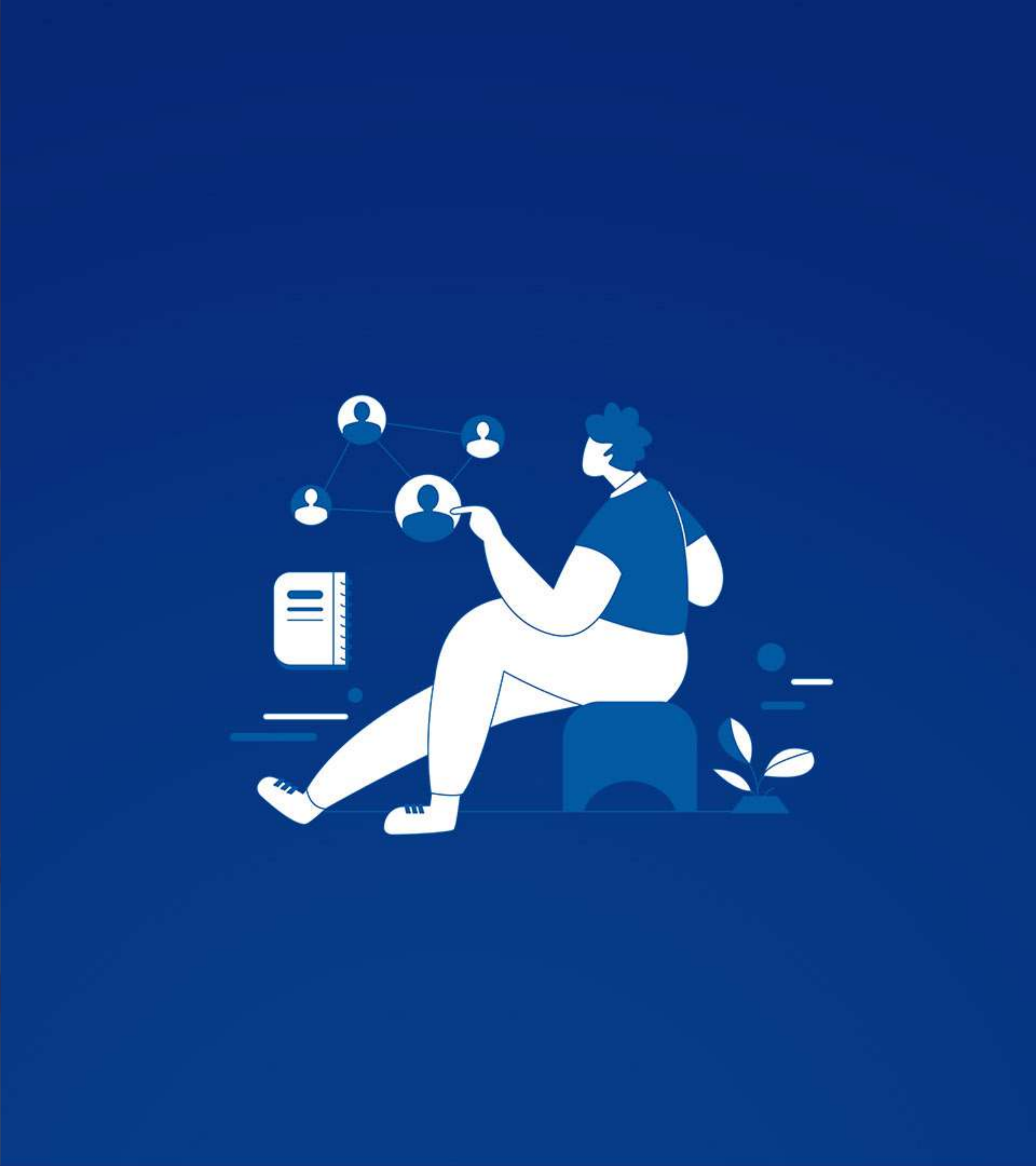
Foil packaging of "Na Dobre" bars has a *made for recycling* mark. Ultimately, we want to mark all our packaging in a way that does not raise doubts among consumers as to how they are sorted.



### Internal ratio 1







## 4. SOCIAL RELATIONS





# 4. Social relations

## 4.1. Our recipe is people

3-3 (401)

Our recipe is people is the motto of LOTTE Wedel. It is based on a unique combination of tradition and modernity: a continuation of the long-term tradition of a responsible employer while implementing the latest solutions in the field of HR management, thanks to which we have created a working environment in which everyone feels they can positively contribute to the company.

We are inspired by the approach of the founders of the company to HR matters and organisational culture. Emil Wedel, apart from running a chocolate company, was also involved in social and charity activities, and perceived his workforce as his extended family. He passed this approach on to his son, Jan, who significantly expanded the privileges of employees, opening a nursery for employees' children and providing them with medical care.

The Wedel family perfectly understood that their impact on customers, the environment, partners and neighbours went far beyond their business activities. The company's sensitivity to employee issues is reflected today in its empathic and development-friendly work environment. In return, we expect employees to act in accordance with our values on a daily basis, such as "I question the status quo," "I take responsibility," or "I ensure quality."

The confirmation of the correctness of our approach to HR management are the current opinions of our employees, the impressive average tenure of employment in the organisation of 11 years, as well as the awards we continue to receive.

*Proof that our commitment to creating an increasingly better working environment has brought about results came with our winning of the prestigious Top Employer Polska 2022 certificate. As part of this recognised international program, the Top Employers Institute certifies employers based on the assessments obtained in 6 areas consisting of 20 topics, to include: HR strategy, talent acquisition, training and development, well-being, diversity and ethics.*

**INGA PYD,  
HR & ADMINISTRATION DIRECTOR**



**Information on the other employee awards we have received can be found in the External awards and accolades section.**



# 4. Social relations

## 4.1.1. Recruitment

The selection, employment and implementation of people with appropriate qualifications and experience, who at the same time meet the ethical and cultural requirements of LOTTE Wedel, is of key importance for the implementation of our strategic and operational plans. The basis of our activities in this indicated area are:



Procedure for planning HR, specifying the rules for preparing and approving the employment plan, as well as defining key terms in the field of HR planning,



Recruitment procedure, specifying the rules of recruitment and the responsibilities of individual participants in the process.



In order to maximise the effectiveness and quality of our recruitment processes, including the satisfaction of people admitted to our company, we have created separate, standardised recruitment and onboarding processes for each group of employees, i.e. office employees, field sales employees and production employees. These goals all serve purposes, such as:



the development of an ideal candidate profile and selection tools, such as an interview evaluation sheet,



the two-stage recruitment process and a clear division of responsibilities of the company's employees,



patronage programs for newly hired employees; and measuring their satisfaction.

We measure the effectiveness of recruitment activities with the following indicators:



*time to recruit* – the average number of days between the publication of the recruitment announcement and the submission of a job offer to the selected person,



percentage of contracts renewed after the end of the trial period.





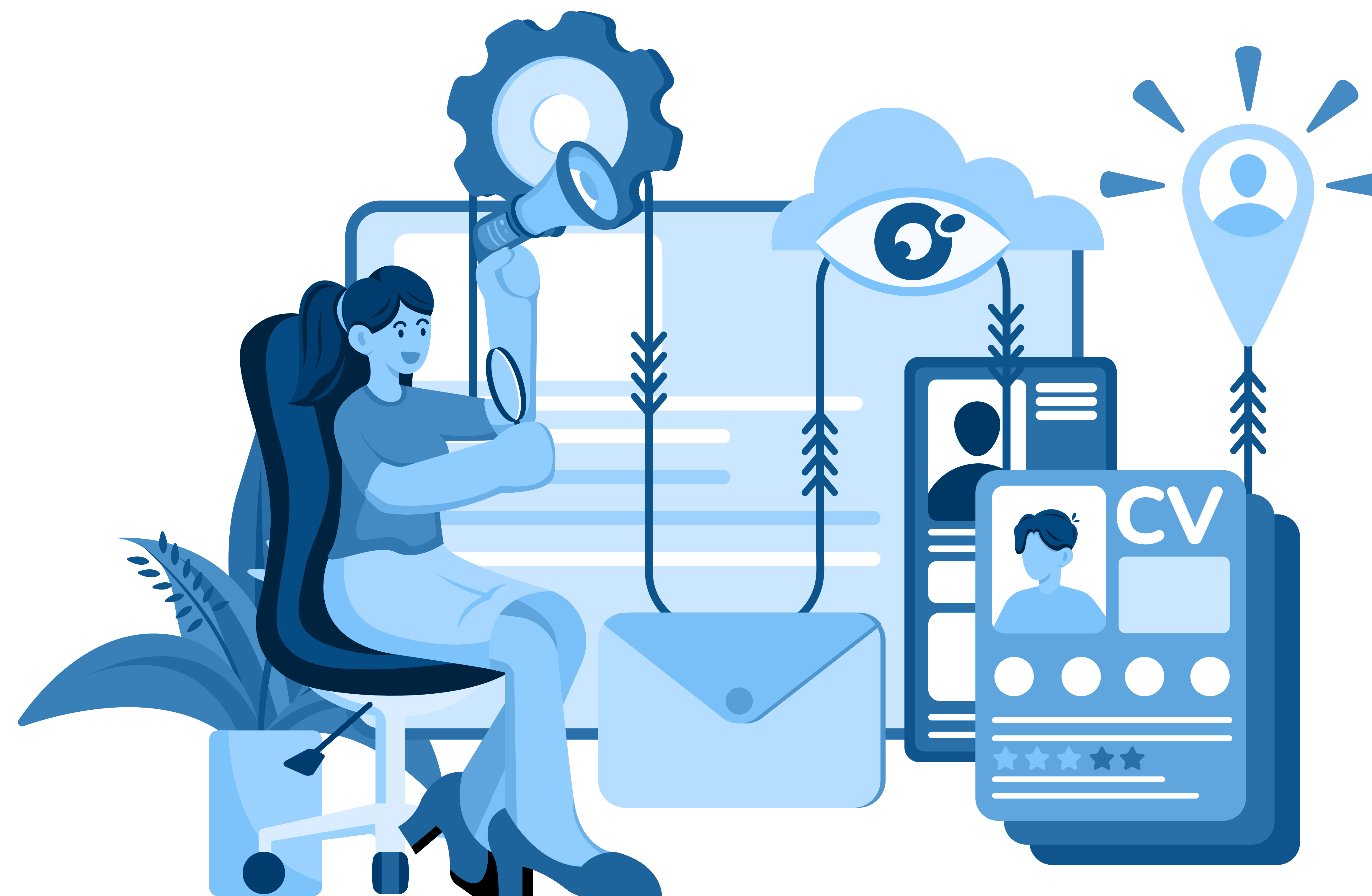
# 4. Social relations

## 4.1.1. Recruitment

The effectiveness of processes supporting onboarding in the company, developed with the participation of employees from all three areas, is measured with special surveys that all new employees receive after 2 weeks and 3 months from the time of their commencement.

The scale of ratings given in the survey is from 1 (definitely not) to 5 (definitely yes). Collected answers, together with feedback from managers, represent the basis for a systematic evaluation and improvement of conducted activities.

I know the mission, vision, values and rules of conduct at LOTTE Wedel	4,58
I know my tasks, I know what I am responsible for	4,66
I know the internal procedures needed to perform the tasks in my position	4,41
I know the organisation, I know where to look for information or help	4,37
I feel part of my team, I get the support I need	4,58
I would recommend Wedel as an employer to my friends	4,29



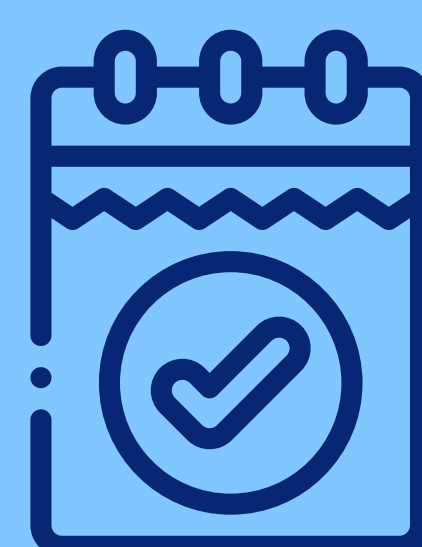


# 4. Social relations

## 4.1.2. Employment conditions

### 2-2

One of the expressions of appreciation for the work of our staff are attractive remuneration processes. Its value is determined based on the market wage for a given position and the level of individual competences of the employee compared with the requirements for the function performed. **The lowest basic salary in the company is currently higher than the minimum wage by at least 25%** (without taking into account the positive effect of adding bonuses and benefits). The remuneration review is carried out on the basis of salary ranges, updated on the basis of market data. We strive to ensure that the remuneration of all employees is within the pay range, and the lowest of them is closer to the middle of the range.



**In 2022, the median of the total annual remuneration of all employees in the company reached PLN 85,150.8, and the median percentage increase in the total annual remuneration was 5%<sup>7</sup>.**

### 2-8

The standard form of cooperation with our company is an employment contract. We do not make recourse to work provided in the form of self-employment, internship or apprenticeship. In justified cases, we supplement the staff with employees of temporary employment agencies (in 2022 there were between 148 and 260 of them, depending on the season). And we commission specific activities to be performed for us in the form of a commission contract (in 2022 there were a total of 32 such cases).

Favourable employment conditions are guaranteed by the constant dialogue which takes place between the management board and the trade unions operating in the company. In 2019, a company collective labour agreement was signed, which covers employees from job groups from J to M (from basic executive positions to specialist positions requiring independent management of processes) and in particular sets out the rules for stabilising employment and increasing salaries.

### 2-30

Percentage of employees covered by collective agreements	
Number of all employees:	1227
Number of employees covered by collective agreements:	728
Percentage of employees covered by collective agreements:	59%

The high quality of jobs maintained by LOTTE Wedel also includes a wide range of non-wage benefits provided to employees and their relatives.

Since 2021, the company has been operating the WorkSmile platform, thanks to which employees can conveniently adjust the benefits they receive to their individual needs, as well as benefits from the company's social benefits fund. Their accounts on the platform are topped up with a fixed amount every month, and occasionally – during holidays or special campaigns and competitions. The collected funds can be exchanged for any benefits from a rich package, the content of which is annually assessed by all employees through a thematic survey. The platform is used for a comprehensive management of additional benefits, such as the creating of internal communities based around common interests. This allows us to show our appreciation for everyone's contribution, whilst building stronger bonds or commitment and engagement.

<sup>7</sup> Both values were calculated with the exclusion of the annual salary of the highest-earning staff member, the amount of which is a trade secret.



# 4. Social relations

## 4.1.2. Employment conditions

401-2



In 2022, all persons employed at LOTTE Wedel under an employment contract, regardless of the period for which it was concluded and the working time, could count on the following:

 <b>HEALTH ABOVE ALL ELSE</b>	PRIVATE MEDICAL CARE	LIFE INSURANCE	PENSION PLAN	HEALTH PROFILACTIC CAMPAIGNS	PREGNANT WOMEN ARE ENTITLED TO ADDITIONAL HEALTH CHECKS			
 <b>SUPPORT AND LIFESTYLE</b>	CO-FINANCING FOR MEALS	DISCOUNTS ON MAZOWSZE REGIONAL TRAIN TICKETS	COMPANY CARS	THE POSSIBILITY OF USING THE ASSISTANCE AND LOAN FUND	COMPANY FUND & SOCIAL BENEFITS	HOME OFFICE WORK OPTIONS	FLEXIBLE WORKING TIME	TWO HOURS FOR THE FAMILY
	CO-FINANCING FOR HOLIDAYS (THE SO-CALLED PEAR TREE HOLIDAYS)	FRESH FRUIT AND VEGETABLES IN WORK	OPPORTUNITY TO ENGAGE IN EMPLOYEE VOLUNTEERING	BORROWING OFFICE CHAIR AND MONITOR FOR HOME OFFICE	PARENTS – LAYETTES FOR NEWBORNS	PARKING SPACES FOR PREGNANT WOMEN	SAFE DRIVING CLASSES	EMPLOYEE REWARD AND RECOGNITION PROGRAM
 <b>SPORT IS HEALTH</b>	CO-FINANCING FOR THE MULTISPORT CARD	THE POSSIBILITY OF PARTICIPATING IN SPORTS TEAMS CO-FINANCED BY THE EMPLOYER	AMENITIES FOR PEOPLE WHO COME TO WORK ON BICYCLES					
 <b>UNIQUE TO WEDEL</b>	CHOCOLATE BENEFITS	ACCESS TO PRODUCTS AND NEWS FROM THE WEDEL OFFER	DISCOUNTS ON PURCHASES FROM THE COMPANY'S PARTNERS	JUBILEE AWARDS	THE LEŻAK WELLBEING PROGRAM	THE ACADEMY OF JOYFUL PARENTS	ENTRY CARDS TO THE WARSAW ZOO	



# 4. Social relations

## 4.1.2. Employment conditions

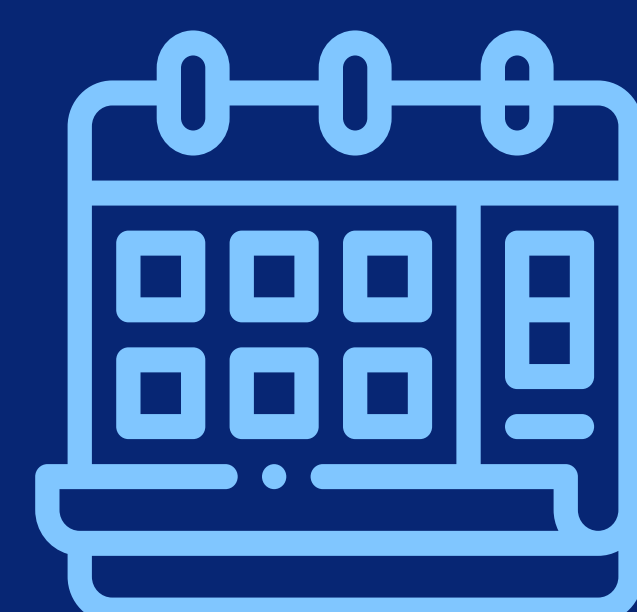
401-2

In addition, pregnant women are entitled to additional examination packages, parents – layettes for newborns or additional points in the WorkSmile platform on the occasion of Children’s Day, and employees who have worked in the company for 5, 10, 15, 20, 25 and more years – jubilee awards.

Job satisfaction is also affected by:



FRIENDLY OFFICE SPACE (LARGE AMOUNT OF GREENERY, ROOMS FOR RELAXATION AND QUIET WORK, PING-PONG TABLE, VENDING MACHINES WITH HYGIENE PRODUCTS),



FLEXIBLE WORKING TIME (CONCERNS OFFICE WORKERS),



A PROGRAM OF TEAM CELEBRATION AND EMPLOYEE APPRECIATION, E.G. IN THE FORM OF A JOINT INTEGRATION OUTING (EMPLOYEES WITHIN THEIR TEAM DECIDE WHAT FORM OF CELEBRATION WILL BE BEST FOR THEM),



OPPORTUNITY TO ENGAGE IN EMPLOYEE VOLUNTEERING,



INFLUENCE ON THE CHOICE OF BENEFICIARIES OF AID PROVIDED BY THE COMPANY,



THEMATIC EVENTS INVOLVING ALL EMPLOYEES,



COMPETITIONS ORGANISED ON INTERNAL PLATFORMS,



AMENITIES FOR PEOPLE WHO COME TO WORK ON BICYCLES.



# 4. Social relations

## 4.1.3. Our workforce



2-7

As of December 31, 2022, we employed a total of 1,227 people under employment contracts (5 fewer than at the end of 2021).

Total number of employees by gender	
Women	582
Men	645
<b>TOTAL</b>	<b>1227</b>
Employees with open-ended contract	
Women	515
Men	531
<b>TOTAL</b>	<b>1046</b>
Employees on a fixed-term contract	
Women	67
Men	114
<b>TOTAL</b>	<b>181</b>
Employees on full-time contracts	
Women	574
Men	639
<b>TOTAL</b>	<b>1213</b>
Employees on part-time contracts	
Women	8
Men	6
<b>TOTAL</b>	<b>14</b>

401-1

Total number of new employees by gender and age	2022		
	Women	Men	TOTAL
Below 30 years of age	19	36	55
Between 30 and 50 years of age	46	44	90
Above 50 years of age	5	8	13
<b>TOTAL</b>	<b>70</b>	<b>88</b>	<b>158</b>
Employment ratio <sup>8</sup>	12,03%	13,64%	12,88%

Total number of employee departures in gender and age	2022		
	Women	Men	TOTAL
Below 30 years of age	9	20	29
Between 30 and 50 years of age	46	69	115
Above 50 years of age	16	17	33
<b>TOTAL</b>	<b>71</b>	<b>106</b>	<b>177</b>
Turnover ratio <sup>9</sup>	12,20%	16,43%	14,43%

<sup>8</sup>. The ratio of new hires to all employees.

<sup>9</sup>. The ratio of employees who left the company, either on their own or the employer's initiative, to all employees.



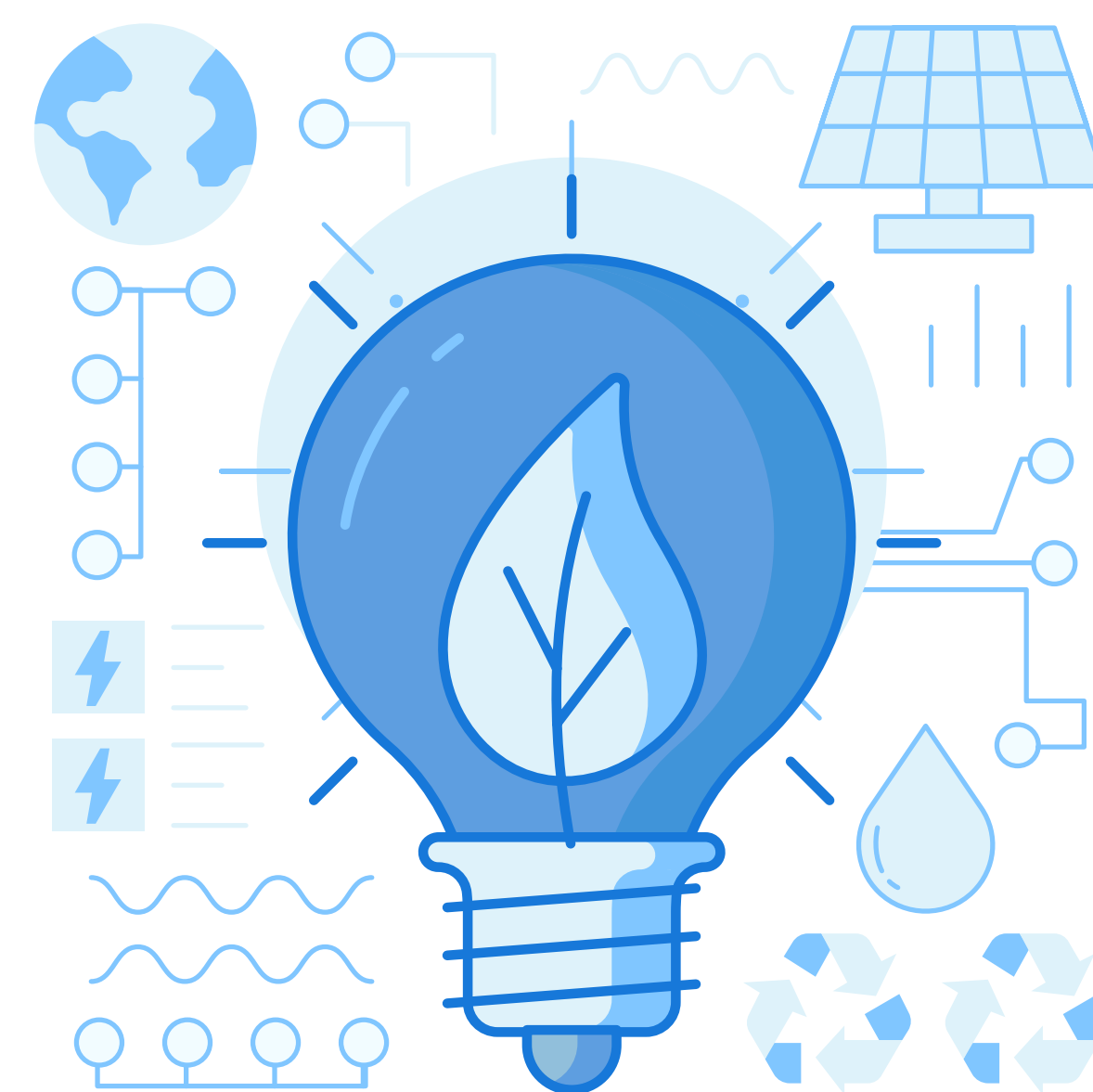
# 4. Social relations

## 4.1.4. Supporting employee development

### 3-3 (401)

We provide all our employees with the opportunity to improve their qualifications, and with the appropriate tools. When designing development activities, we aim to support teams in the effective implementation of the adopted business strategy. In individual cases, we also take into account the needs of the employees themselves, as well as their diversity. We invite external business partners to co-create and implement training solutions.

**We make every effort to minimise the negative impact of development activities on the natural environment. An example of such an approach is our organisation of remote training and our resignation from providing employees with educational materials in paper form.**



For the entire organisation and individual business functions, based on the “needs identification” process, we develop annual and quarterly development plans. Managers are responsible for examining the needs in their teams, who then take an active part in preparing plans together with the Organisation Development Manager and HR Business Partners. Thanks to this applied approach, at least once a quarter, development activities undertaken are verified and adapted to the real and current needs of the teams. Once a quarter, individual business goals are also updated, which each white-collar employee works on with their line manager for a given year of work. These goals are to be ambitious, achievable and measurable, and will support the company in the achievement of its goals.

These same goals will also support employees in their self-development and the setting of priorities.

Development activities are planned, implemented and validated by the Organisation Development Team, which includes coordinators and specialists responsible for training, other development projects and the onboarding process. The team is managed by the Organisation Development Manager.

Development processes in our organisation are conducted in a flexible manner. Their goals and directions result from the applicable training policy and development plans; and the activities and adopted methods are “tailored” to teams/groups of employees. In order to track the effectiveness of our actions for the development of the staff, we undertake, among others, the following actions:



**WE REGULARLY EVALUATE THE QUALITY OF THE TRAINING PROVIDED THROUGH SURVEYS FOR PARTICIPANTS,**



**WE ASSESS THE DEVELOPMENT OF EMPLOYEES' COMPETENCES AND SKILLSETS (TEAM LEADERS ARE RESPONSIBLE FOR THIS AS PART OF DEVELOPMENT TALKS, WHICH ARE HELD AT LEAST ONCE A YEAR AND ARE A MANDATORY SUMMARY OF THE PROGRESS MANAGEMENT PROCESS),**



**WE HAVE INTRODUCED A CULTURE BASED ON REGULAR FEEDBACK, WHICH ALLOWS FOR ONGOING VERIFICATION OF THE EFFECTIVENESS AND QUALITY OF ACTIONS TAKEN,**



**WE MONITOR THE TURNOVER RATE IN THE GROUP OF PEOPLE CONSIDERED TO HAVE HIGH POTENTIAL.**

### 404-3

*All our employees receive annual performance reviews, including feedback on their professional development.*



# 4. Social relations

## 4.1.4. Supporting employee development

404-1

### Employee development in LOTTE Wedel in 2022.

Number of training hours 10 broken down by employee gender	
Women	9 586
Men	10 366
<b>TOTAL</b>	<b>19 952</b>

Average number of training hours by gender	
Women	16
Men	16



Average number of training hours by category of employees	
Division by position within the structure:	
Members of senior management	16
Members of middle management	16
Other employees	16

Division by function	
Employed in the areas of HR and administration	16
Employed in the commercial area	16
Employed in the areas of finance and IT	16
Employed in the sales area	17
Employed in the supply chain area	16
Employed in management	16

**16hrs  
per year**

Number of training hours broken down by employee gender

<sup>10</sup> One training hour is 60 minutes.



# 4. Social relations

## 4.1.4. Supporting employee development

404-2



### Employee qualification improvement programs implemented in 2022

#### Internal training

Program scope	Type and number of recipients
Practical exercises in planning and initiating projects	Project leaders – 40
Technical and practical aspects of scheduling using ProjectLibre	Project leaders – 40
Project risk and problem management	Project leaders – 20
Drawing conclusions from the implemented projects	Project leaders – 25
Fundamentals of project management	New employees – 50
Project portfolio management	Project leaders, CAPEX leaders – 100
Benefits management in projects	Employees taking part in projects – 140
Power BI support and data visualisation	Employees – 115
Sustainable raw materials	Employees – 40

Using Ariba Sourcing and G&B	Employees – 20
Use of Excel at a level depending on the needs of the participant	Employees – 40
Receiving and providing feedback	Employees and management team – 50
Diversity, people with disabilities and good etiquette practices	Employees and management team – 50
Polish tax reforms	Employees and management team – 215
The onboarding process from the employer's perspective	Management teams – 20
Sales Academy	Sales reps – 82
Emotional intelligence	Sales managers and sales reps – 40
Professional presentations	Sales managers and sales reps – 29
Psychological wellbeing	Sales managers – 21
Netiquette	Sales managers and sales reps – 3
Sales Recruitment	Sales managers – 29



# 4. Social relations

## 4.1.4. Supporting employee development

404-2



### Employee qualification improvement programs implemented in 2022

#### External training

Program scope	Type and number of recipients
OHS - improving professional qualifications	Employee
OHS - fire protection systems	Employee
OHS - machine training	Employee
OHS - post-accident training	Employee
Directions of development of food microbiological quality research	Employee of Quality Dept.
The use of statistical tools in research methods	Employee of Quality Dept.
Obtaining the right to use elevators on the premises of the plant	Employee of Quality Dept.
Update knowledge on allergen testing in food and production environment	Employee of Quality Dept.

Development of skills and awareness in the field of the influence of various factors on the quality of culture media	Employee of Quality Dept.
Development of skills in identifying potential causes of errors	Employee of Quality Dept.
UV-VIS spectrophotometry - specificity of the method	Employee of Quality Dept.
Refreshing technological knowledge	Employee of R&D dept.
Refreshing technological knowledge	Employees of R&D dept. - 2
Refreshing technological knowledge	Employee of R&D dept.
Refreshing technological knowledge	Employees of R&D dept. - 4
Building self-confidence and learning public speaking	Employees of Marketing and Sales Depts.- 20
First Time Managers	Managers - 8
Change Leader Skills Development Academy	Managers - 8



# 4. Social relations

## 4.1.4. Supporting employee development

404-2



### Employee qualification improvement programs implemented in 2022

#### E-learning

Program scope	Type and number of recipients
Rules for the processing of personal data in accordance with applicable law	New and existing employees – 610
Principles of fair competition and fraud prevention	New and existing employees – 245
Procedures regarding the company's internal purchasing policy	New and existing employees – 361
Business Credit Card Policies and Procedures	Employees – 170
Counteracting mobbing and irregularities in the workplace	New employees – 88
Getting started with the client and the necessary documents	Employees of the Export dept. – 20

### Programs facilitating employment continuity and career end management implemented in 2022.

Type and scope of program	Type and number of recipients	Other important items of information
As part of the outplacement program, departing employees participate in individual sessions with consultants (preparation for recruitment, career counselling, emotional support, etc.), their profiles are promoted via the connect website (sharing job offers, participant recommendations, virtual job fairs, meetings with employers and Head-hunters), and also have the opportunity to join discussion groups, webinars and seminars on the labour market, retraining, self-presentation during job interviews, etc.	Employees – 35	35 people joined the program. Everyone we parted with as part of the reorganisation availed such an opportunity.
Retirement severance pay in the amount depending on the length of service, in accordance with the Labour Code	Employees – 13	
Severance pay for liquidation of a job, the amount depending on the length of service at LOTTE Wedel, in accordance with the Labour Code	Employees – 14	

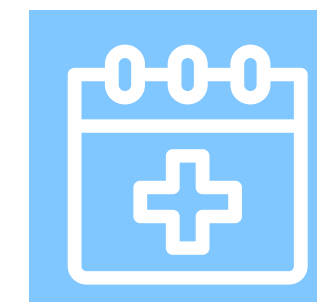


# 4. Social relations

## 4.1.5. Health programs

403-6

In order to facilitate our employees' access to medical and healthcare services not directly related to their professional area:

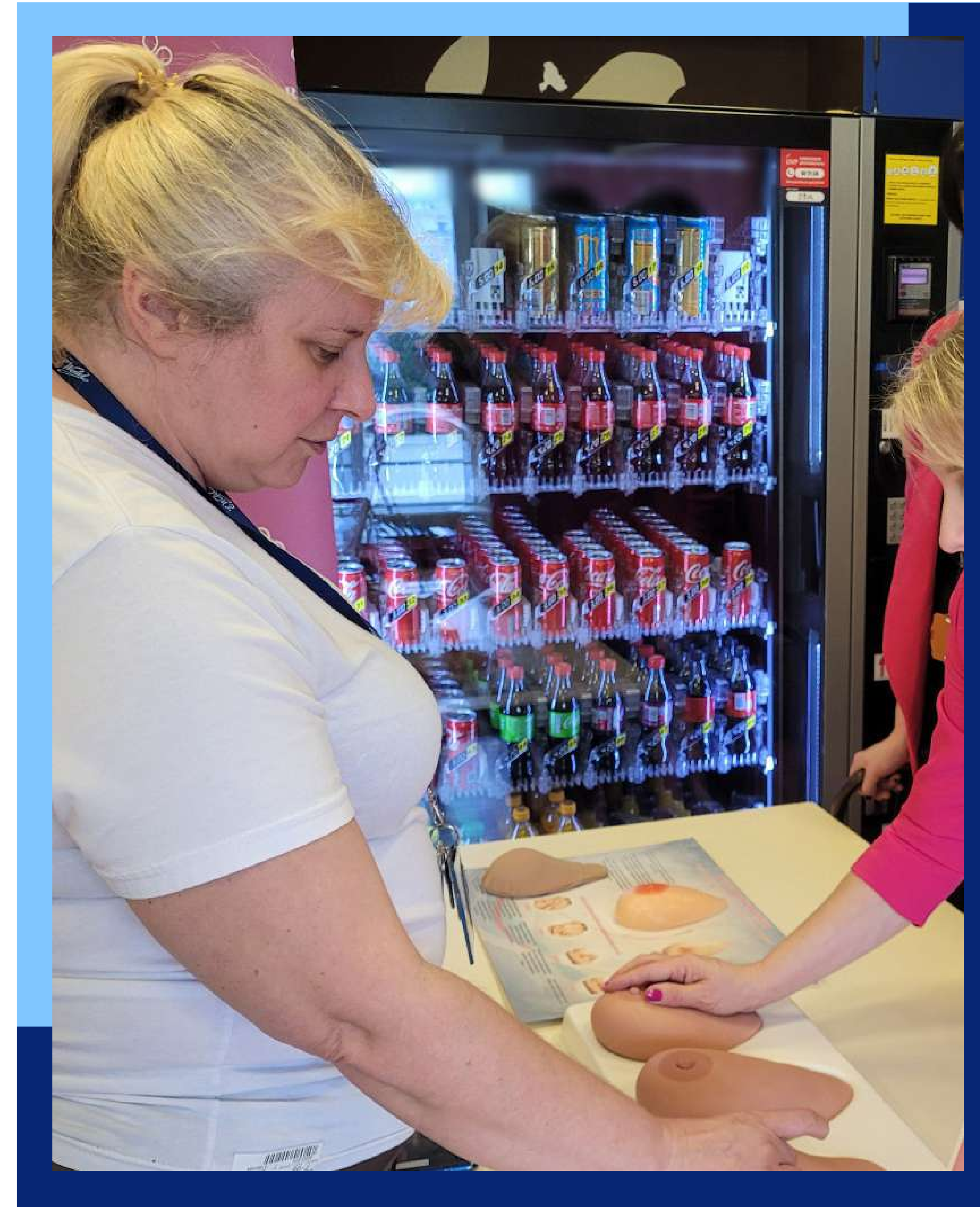


**WE PROVIDE PRIVATE HEALTH INSURANCE,**



**WE ORGANISE CONSULTATIONS WITH SPECIALISTS, PREVENTIVE EXAMINATIONS AND VACCINATIONS ON THE PREMISES OF THE PLANT.**

In addition, we organise campaigns to build awareness among our staff in the area of physical and mental health, such as Breast Cancer Awareness Month (so-called pink October) or Movember (an educational campaign on men's health problems held in November), and we include health-related topics in internal communications (weekly newsletter, dedicated e-mail communication, materials available on the internal Twój Wedel platform or on screens located on the premises of the plant). All of the above activities are addressed to the employees of LOTTE Wedel.





# 4. Social relations

## 4.1.5. Health programs

403-6



### LeŻAk well-being, *life lived actively*

OUR COMPANY HAS A COMPREHENSIVE WELL-BEING PROGRAM UNDER WHICH, AMONG OTHERS:

the “Rywal” Sports Club operates (currently, 7 sports sections financed by the employer, including cycling, badminton, tennis),

sports challenges related to health education are organised all year round,

employees can enjoy a massage on the premises.

IN 2022 AS PART OF OUR LEŻAK WELL-BEING PROGRAM, THE FOLLOWING EVENTS AND ACTIVITIES TOOK PLACE:

February – communication on what tests should be performed in to check the condition of a person’s heart, along with a reminder about the scope of cardiological tests available to all employees as part of the health package,

In March – communications on mental health

In April – dietary consultations along with body composition analysis on the premises of the plant, which is the answer to the problem of immobility and obesity,

In October: breast ultrasound and breast self-examination workshops, organised on the premises of the facility,

In October and November: mailing with a calendar of preventive examinations for individual genders and age groups,

In November: PSA level testing on company premises (as part of prostate cancer prevention).



# 4. Social relations

## 4.2. Occupational health and safety

3-3 (403), 403-1, 403-8, 403-4

We strictly comply with all the requirements imposed on employers by Polish regulations in terms of ensuring safe and hygienic working conditions, e.g. the Labour Code and relevant regulations. This means that all members of our team can be sure that their health and life are not at risk while performing their duties, regardless of the nature of these duties.



Although the company has not implemented a certified health and safety management system, its approach to this area is comprehensive. They include in particular:

- regulation of health and safety issues in the work regulations,
- organising workstations in accordance with the principles of ergonomics,
- keeping a register of accidents and a register of near misses, on the basis of which actions are taken to minimise the identified risks,
- regular meetings of the Health and Safety Committee – a body consisting of representatives of the employer and employees, to whom each employee can submit their demands, and the status of its activities can be checked in a publicly available file via intranet kiosks,
- functioning of the Vectio database, which enables production staff to submit ideas to the OHS department for improvements in the field of safety and ergonomics, as well as regarding savings and quality development,
- organisation of *Gemba Walks*, i.e. weekly meetings on the premises of the plant, during which persons responsible for particular areas and employees, e.g. look for ways to improve the organisation of workstations, also in order to improve safety,
- implementation of the Behavioural Safety Leadership system, the core of which entails building a safety culture, based in particular on the setting of a good example, including by the management (as part of which, an annual implementation plan is created, containing a list of actions along with responsible persons and deadlines),
- operation of the Active Self-Control Program (PAS) in production areas, which assumes the performance of security audits involving both employees of these areas as well as managerial staff and supporting departments (e.g. Quality or Health and Safety).

An important feature of most of the aforementioned solutions is the important role provided by employees, who thus have a real impact on improving the quality and safety of their workplace.



# 4. Social relations

## 4.2. Occupational health and safety

403-2

### IDENTIFYING THREATS AND ASSESSMENT OF RISK

The process of occupational risk assessment for individual workstations, carried out in accordance with the methodology contained in PN-N-18002, is described in the procedure P/4/OHS Occupational risk assessment. The assessments carried out are updated every two years, and also in the case of accidental events affecting the assessment of occupational risk, a significant change in production processes, the introduction of a new workstation and the appearance of new legal requirements or a new threat. For each of the identified risk factors, an action plan is developed based on a hierarchy of controls; setting out actions aimed at eliminating or reducing this threat to an acceptable level.

Occupational risk assessment is developed by a team consisting of at least three people – a representative of the OHS department and two people with appropriate knowledge of the given process. In the case of identifying risks defined as high, corrective actions are taken immediately. Each employee is trained on the occupational risk assessment at their workplace during on-the-job training and after its updating. All occupational risk assessment sheets are publicly available on the intranet and in documentation stored in designated areas of production areas.

**THE KAIZEN ZONE IS A MEETING ATTENDED BY REPRESENTATIVES OF PRODUCTION, MAINTENANCE, PROCESS ENGINEERING, AND FROM 2022 ALSO OF CONTINUOUS IMPROVEMENT. THANKS TO THIS APPROACH, DURING SUCH A MEETING, IT IS POSSIBLE TO JOINTLY WORK OUT CORRECTIVE ACTIONS THAT WILL NOT ADVERSELY AFFECT THE LINE OPERATIONS,**

### REPORTING BY EMPLOYEES OF WORK-RELATED HAZARDS

Any employee who notices any danger in the area of health and safety (or fire protection, environmental protection or quality management) is obliged to immediately notify their immediate line manager or the Health and Safety department. In addition, in accordance with the provisions of the Labour Code, in the event of a direct threat to their life or health, or the life or health of their co-workers, they have the right to refrain from performing work, of which they must immediately inform their line manager. Employees are protected against reprisals by law, regulations and the Ethics Committee, to which all cases of abuse can be reported, both by name and anonymously. The company actively encourages the staff to report all threats or observations in the discussed area. All reports are carefully analysed.

### INVESTIGATIONS OF ACCIDENTS

Each accident or near miss is thoroughly investigated by a specially appointed team, and corrective actions are implemented immediately.

The post-accident team includes a representative of the OHS department and a social labour inspector. In the course of the proceedings, which also includes consultations with the team via the Kaizen Zone, the causes of the incident and corrective actions are determined. Near miss situations are each time analysed by the OHS department with the support of the immediate line manager of the reporting person or other required persons. Each reported event is entered into the Accident or Near Miss register.





# 4. Social relations

## 4.2. Occupational health and safety

403-3

### OCCUPATIONAL HEALTH AND SAFETY SERVICES

The tasks of the OHS department include, among others:

- supervision over the process of developing and updating occupational risk assessment, as well as its effectiveness,
- conducting trainings for members of the Occupational Risk Assessment team,
- defining actions aimed at reducing the level of the aforementioned risk,
- supervising the timeliness of activities for occupational health and safety,
- keeping a register of near misses, determining corrective actions, supervising their implementation and evaluating the effects,
- giving opinions and approving submitted ideas for improvements in the field of health and safety and ergonomics,
- organisation of quarterly meetings of the OHS Committee with the participation of an occupational physician, during which it prioritises activities in the field of occupational health and safety, as well as keeping a register of issues raised during the Committee's meetings, along with the status of their implementation,
- participation in PAS audits, Health and Safety audits and Gemba Walks.

### OHS COMMUNICATION

403-4

Our employees are informed and educated on issues related to occupational health and safety:

- via e-mails, information boards (so-called OHS topics of the week), messages displayed on monitors (both in production and in the employee canteen), texts in the company magazine „Temperówka”,



- by direct line managers (including after each accident, during weekly Gemba Walks and quarterly communication meetings for production employees).

All employees have access to a shared health and safety drive, which contains occupational risk assessment cards and information on the status of safety measures implemented. In addition, the results of PAS audits and the resulting specific corrective actions along with the deadlines for implementation are recorded on a public board.



# 4. Social relations

## 4.2. Occupational health and safety

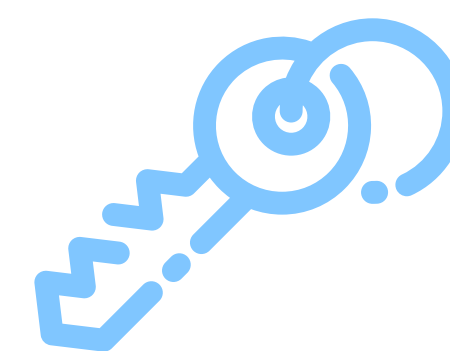
403-5

### OHS TRAINING FOR EMPLOYEES

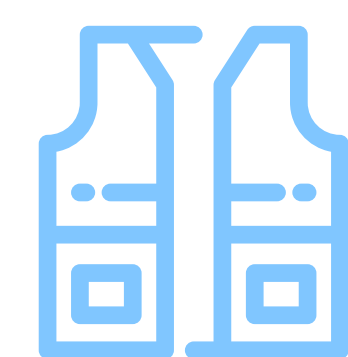
The following types of training in occupational health and safety are organised at LOTTE Wedel:



INTRODUCTORY HEALTH AND SAFETY TRAINING REQUIRED BY LAW (GENERAL AND ON-THE-JOB TRAINING) AND PERIODIC TRAINING,



TRAINING AIMED AT OBTAINING SPECIFIC QUALIFICATIONS BY EMPLOYEES,



ANNUAL TRAINING FOR EMPLOYEES OF PRODUCTION, WAREHOUSES AND TECHNICAL DEPARTMENTS, DEVOTED TO THE REGULATIONS AND PRINCIPLES OF SAFE WORK AND INTERNAL PROCEDURES,



TRAINING IN FIRST AID, USE OF FIRE EXTINGUISHERS AND SAFE DRIVING (FOR USERS OF FLEET VEHICLES),



PRACTICAL EVACUATION DRILLS AND WHAT TO DO IN THE EVENT OF A FIRE,



THEMATIC TRAINING, E.G. DEVOTED TO THE ERGONOMICS OF WORKSTATIONS EQUIPPED WITH SCREEN MONITORS,



SO-CALLED ONE-ELEMENT LESSONS, I.E. SHORT TRAININGS FOCUSED ON ONE SPECIFIC TOPIC.

### WORK-RELATED INJURIES

403-9

In 2022, there was not a single accident at our facility that resulted in the death or serious injury of an employee or a member of the subcontractor's staff.

#### Full-time employees

Number of fatal accidents in the workplace	0
Number of serious accidents in the workplace (without fatal accidents)	0
Number of all workplace accidents	11

#### Other employees whose job or workplace is controlled by the company

Number of fatal accidents in the workplace	0
Number of serious accidents in the workplace (without fatal accidents)	0
Number of all workplace accidents	1



# 4. Social relations

## 4.3. Diversity and inclusion

3-3 (405), 3-3 (406)

*We look to create an open and secure workplace where no one has to hide who they are, where employees see what they have in common, while benefitting from the wealth of differences.*

*We motivate our team to be mindful and sensitive to other people – every day at work and outside. Respect for and support for diversity are integral parts of the organisational culture of LOTTE Wedel, which is reflected in our adoption of the Declaration of Diversity and Inclusion.*

**KAMILA LUTTELMANN,  
LEGAL AND COMPLIANCE  
DIRECTOR**





# 4. Social relations

## 4.3. Diversity and inclusion

3-3 (405), 3-3 (406)

### LOTTE WEDEL'S DIVERSITY AND INCLUSION STATEMENT

#### Wedel is All of Us. Different people.

At LOTTE Wedel – a company that has diversity in its DNA, we want everyone – however different – to feel welcomed and to be considered equally important.

As people who have created LOTTE Wedel, we see what unites us.

At the same time, we know that we are all different – and these same differences are our wealth and strength.

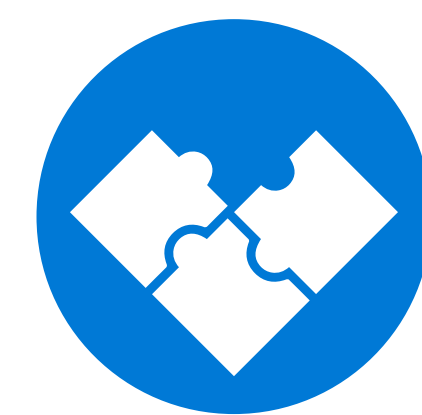
For us, diversity and inclusion means:



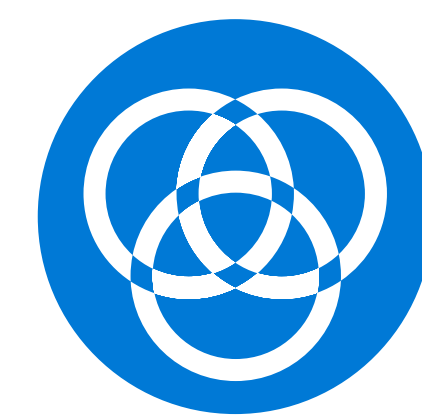
We are of different ages.  
And we learn from each other.



We are open to people with disabilities  
and health crises, including mental health.  
And we show support.



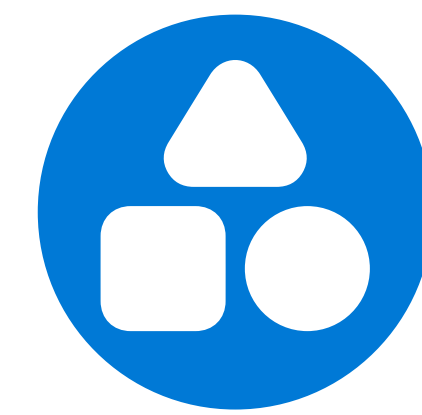
We are all different.  
And that's a good thing!



We work in different areas of the same company.  
And we are all needed!



We are people. Above all else!



We look different, we have different  
lifestyles. And we accept it.



Everyone has their own life path,  
and are carrying out their own plan.



We use a language that connects.  
And we do not tolerate hate speech!



We are international.  
And we all benefit from this!



We react. We are not indifferent!



Our declaration shows how we understand each of the above points – just click to watch **here**.



# 4. Social relations

## 4.3. Diversity and inclusion

3-3 (405), 3-3 (406)

*Diversity is generally associated with supporting minority or marginalised groups; but diversity should also be talked about in the context of all of us. As a society, we are far less homogeneous than we think. Indeed, few companies know how to address the issue of diversity so as not to simply include but also to connect people, which is why strategic thinking is needed for the development of such standards. Above all, we must always listen to people and hear what they have got to say, because diversity is about making everyone feel noticed and valued. It is worth remembering that engaging all employees in DEI (diversity, equity, inclusion) activities is only possible when they understand why they are doing so; and they can discern what benefits can be derived from participation in such programs. It is also important to remember that inclusion practices, in addition to building a sense of security and validation, also have a positive impact on the business side of things, particularly with regard to retention and productivity inputs.*

**SUSANNA ROMANTSOVA,  
EXPERT IN STRATEGIC  
MANAGEMENT DIVERSITY**





# 4. Social relations

## 4.3. Diversity and inclusion

3-3 (405), 3-3 (406)

In 2023, we plan to implement our Diversity Policy, which will comprehensively regulate all issues related to diversity within the company.

**WE SUPPORT THE ACHIEVING OF THE UN SUSTAINABLE DEVELOPMENT GOAL 10, WHICH IS: TO REDUCE INEQUALITIES WITHIN AND BETWEEN COUNTRIES. EFFORTS TO MAKE EVERYONE EQUALLY IMPORTANT AND WELCOME IN OUR COMPANY ARE PART OF TASK 10.2: BY 2030, TO PROMOTE AND STRENGTHEN THE SOCIAL, ECONOMIC AND POLITICAL INCLUSION OF ALL PEOPLE, REGARDLESS OF AGE, GENDER, DISABILITY, RACE, ETHNIC ORIGIN, NATIONALITY, RELIGION OR ECONOMIC OR OTHER STATUS.**

In 2021, the Group “Różnorodni jak Mieszanka Wedlowska” (“Diverse like a Wedlowska Selection”) was created in our organisation from the bottom up, taking actions to promote inclusivity and counteract discrimination. It was on this group’s initiative that in the 2021 we adopted the Declaration of Diversity and Inclusion, signed the international Diversity Charter (as part of the program coordinated in Poland by the Responsible Business Forum) and launched the “CzekoSprawni” program, aimed at increasing the employment of People with Disabilities; and further education in this area.

### EMPLOYING PEOPLE WITH DISABILITIES

The “CzekoSprawni” program has achieved the following:

- we have trained our entire HR department in the field of recruitment with the participation of People with Disabilities,
- we have appointed the position of Support Specialist for People with Disabilities,
- we have updated job advertisements, e.g. by posting information about adapting our recruitment processes to the needs of People with Disabilities (photos),
- we started the publication of advertisements on the portal [sprawniowpracy.pl](https://sprawniowpracy.pl),
- we have established cooperation with 4 entities involved in activating People with Disabilities,
- we have adapted the website [www.wedel.pl](https://www.wedel.pl) to the WCAG 2.1 accessibility standards to 86% of the AA level,
- we have adapted a part of our office to the needs of People with Disabilities,
- we have prepared a comprehensive process of employing teleworkers,
- we conduct cyclical training in the field of communication with People With Disabilities,
- we have launched People with Disabilities employment monitoring in our company,
- we publish articles on disability as part of internal communications (in 2022 alone, we published 10 such materials and thematic posts on our LinkedIn profile),

- we have taken part in the creation of an e-book entitled *On the Barricades* – about releasing the potential of people with disabilities; we gave a lecture at the conference INFOR.PL Fully(s) legal at work, and we recorded a podcast under the same title with the *Dziennik Gazeta Prawna* (Daily Legal Newspaper),
- together with the Activation Foundation, we have organised three open webinars under the slogan #AktywizatorMYRekrutujeMY (ActivatorUSRecruitUS), the aim of which was to educate People With Disabilities on issues related to their functioning on the labour market, as well as to build awareness amongst employers,
- we carried out an internal educational campaign under the awareness motto “CzekoSprawni week in Wedel,” which was accompanied by a stationary exhibition entitled “CzekoSprawni in Wedel,” located next to our company canteen and having a digital version (employees could get to know the profiles of colleagues with disabilities, learn more about the “CzekoSprawni” program, learn about savoir-vivre rules for people with various disabilities); an event was organised entitled “CzekoSprawni – a new perspective,” during which employees could, in a token sense, experience various types of disabilities,
- together with the Avalon Foundation, we conducted 2 workshops on active entry into the labour market.

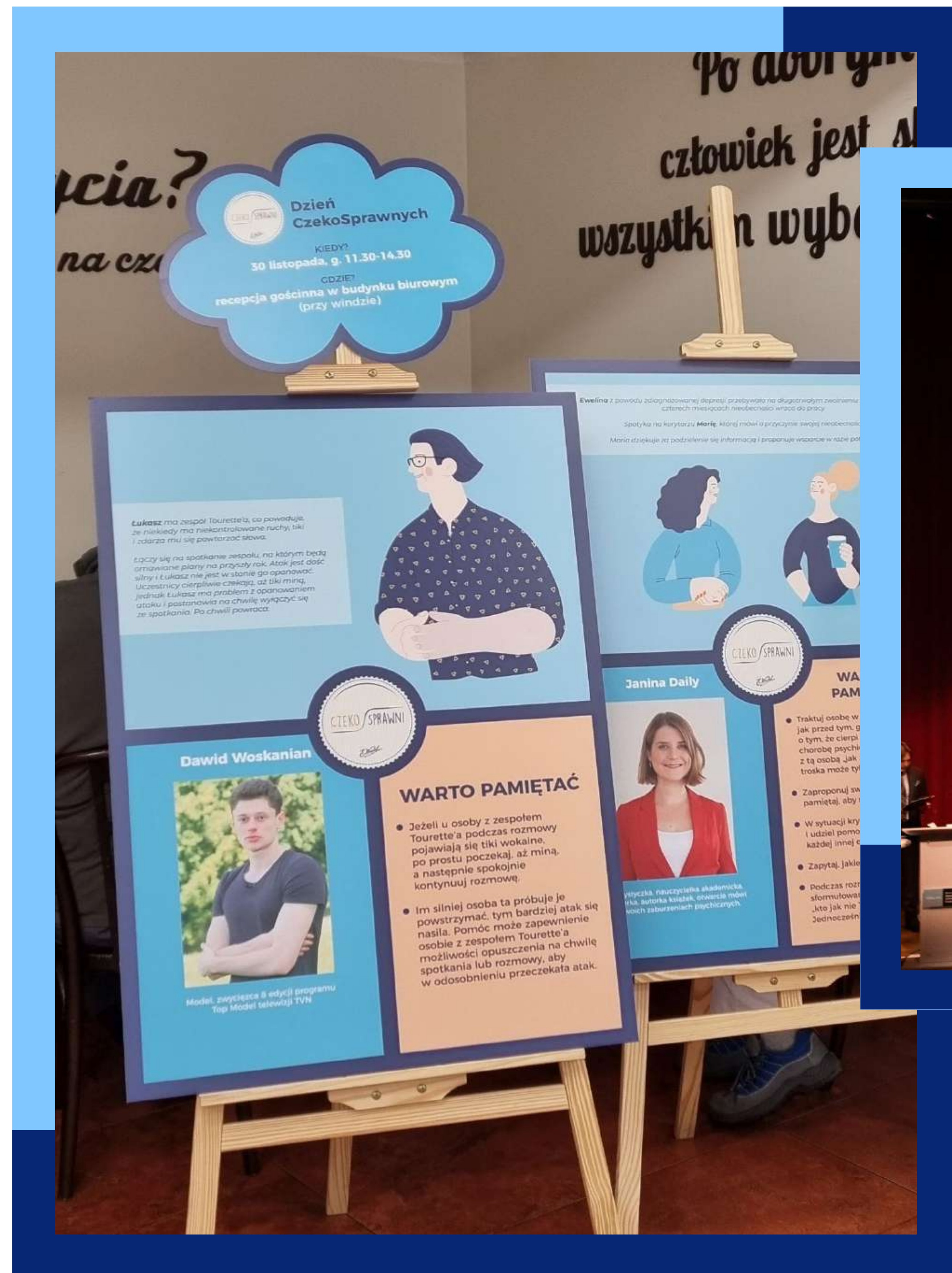




# 4. Social relations

## 4.3. Diversity and inclusion

3-3 (405), 3-3 (406)



Photos showing moments from :

- The Diversity Charter awards gala,
- The CzekoSprawni Week in Wedel.

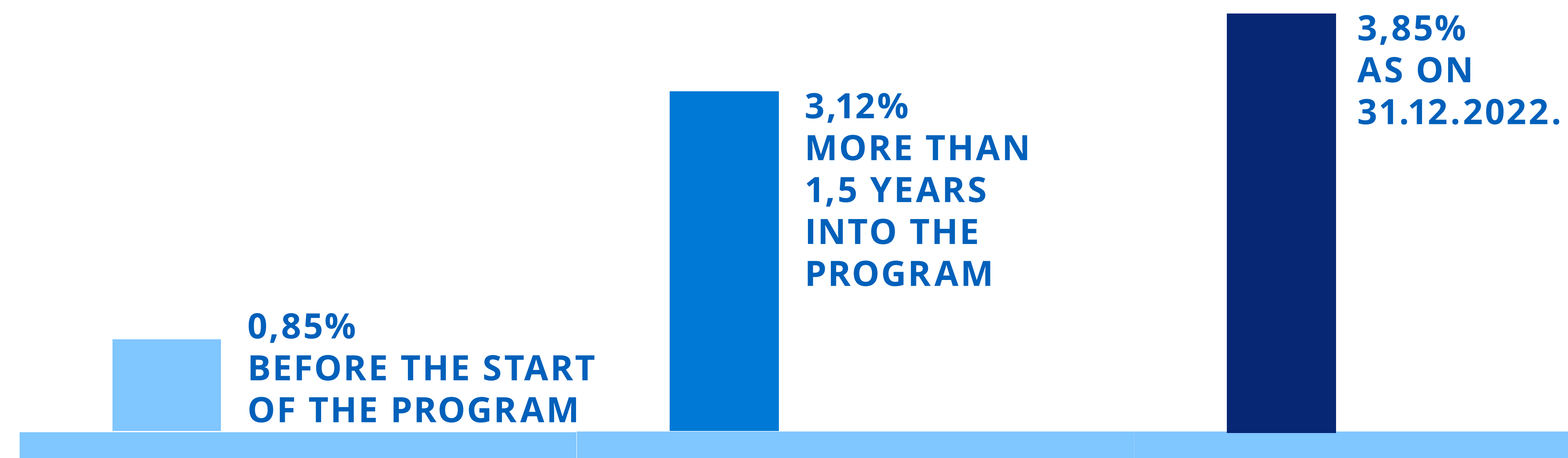
The week featured, among others: a stationary exhibition titled "CzekoSprawni in Wedel", as well as a mini-event for employees, where they could, in a token sense, experience various types of disabilities.



# 4. Social relations

## 4.3. Diversity and inclusion

3-3 (405), 3-3 (406)



We strive to increase the percentage of People With Disabilities among our company's staff to a **minimum of 6%** by the end of 2026.

**Thanks to the employment of People With Disabilities and accompanying initiatives:**

- we support their professional and social reintegration,
- we refute stereotypes,
- we draw on diversity,
- we strengthen the organisational culture,
- we increase team involvement,
- we nurture managerial career paths.

The "CzekoSprawni" program received a distinction in the first edition of the Diversity Card Award, awarded by the Responsible Business Forum for 2022, winning awards in in DE&I business category, and in the innovative approach subcategory. In addition, our good practices garnered plaudits at the People Innovation Competition, which rewards innovative ideas and solutions in the field of human resource management.

### DIVERSITY INITIATIVES IN 2022

In May, the entire company celebrated Diversity Month, where we conducted a training in the form of a short presentation about the makeup of the LOTTE Wedel staff, being people of different backgrounds and with different experiences. We also organised foreign language lessons conducted by the employees themselves and legal training on emigration, migration and refugees.

In June, we celebrated Pride Month, and members of "Mieszanka Wedlowska" took part in the joint Polish-Ukrainian Pride Parade organised in the capital. It was their way of expressing solidarity with LGBT+ people, including those working in our company, and demonstrating the belief that everyone has the right to live without shame and without hiding their sexuality or gender identity.

In response to the migration situation, we invited the entire staff to support people coming to Poland, including LOTTE Wedel employees of other nationalities. On the initiative of "Mieszanka Wedlowska," we launched thematic communications in the internal newsletter; including during Diversity Month where we presented a short glossary of basic phrases in the native languages of people employed in our organisation (together with photos of employees, it was also on our LinkedIn profile)

**10** Diversity and inclusion messages sent to employees in 2022; another 10 communications on the topic of employing people with disabilities under the "CzekoSprawni" program



# 4. Social relations

## 4.3. Diversity and inclusion

405-1

### DIVERSITY OF MANAGEMENT AND STAFF OF THE COMPANY

Members of the company's management belonging to particular categories

Management team - without members of the Management Board*	Women	Men	Total
under 30 years old	0%	0%	0%
from 30 to 50 years	14%	57%	71%
over 50 years old	0%	29%	29%
<b>Total</b>	<b>14%</b>	<b>86%</b>	<b>100%</b>

\* The Management Board consists of 100% men over 50 years of age.



Percentage of the company's staff members in each category

Senior management	Women	Men	Total
under 30 years old	0%	0%	0%
from 30 to 50 years	33%	42%	75%
over 50 years old	6%	19%	25%
<b>Total</b>	<b>40%</b>	<b>60%</b>	<b>100%</b>

Middle management	Women	Men	Total
under 30 years old	0%	0%	0%
from 30 to 50 years	44%	39%	82%
over 50 years old	5%	13%	18%
<b>Total</b>	<b>49%</b>	<b>51%</b>	<b>100%</b>

Other employees	Women	Men	Total
under 30 years old	6%	10%	16%
from 30 to 50 years	29%	30%	59%
over 50 years old	13%	12%	25%
<b>Total</b>	<b>48%</b>	<b>52%</b>	<b>100%</b>



# 4. Social relations

## 4.3. Diversity and inclusion

406-1

### COMBATTING DISCRIMINATION

Counteracting all forms of discrimination is based on the Policy of Counteracting Irregularities in Employment, described in section 2.1. Company policies and commitments under those policies. In 2022, no confirmed discriminatory incidents took place at LOTTE Wedel.

An important area of counteracting discrimination for us is fair and transparent remuneration and the promotion of people employed in equivalent positions and performing the same job, regardless of gender. Our practices in this regard have garnered plaudits from the jury of the Lidl Fair Pay award, awarded to companies that set standards in terms of pay equality, employee development support and promotion policies.

405-2

### The ratio of the basic salary of women to men

senior management	85%
middle management	100%
other employees	102%





# 4. Social relations

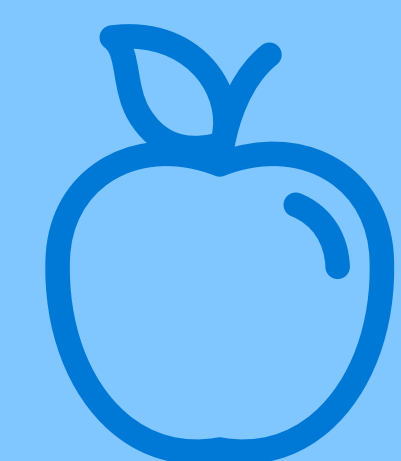
## 4.4. Community initiatives

### 4.4.1. Employee volunteering

For years, we have not only been encouraging our staff to act for the common good, but have also been actively supportive of employee volunteering initiatives. This support takes place under the “Wedel from the Heart” and “Wedel Academy” programs.

#### “Wedel Od Serca” Program (Wedel From The Heart)

As part of the “Wedel od Serca” project, our employees can submit their own ideas for initiatives in which they would like to take part as volunteers, and then the entire company team in an online vote decides which of them will receive funding from the company. In 2022, the 16th edition of the grant program was held, in which members of the LOTTE Wedel team implemented 20 social projects throughout Poland, with a total budget of 100,000 PLN. They included initiatives for young people, people with disabilities or in a state of homelessness. We also became engaged with a breast cancer prevention campaign, the construction of an enclosure for dogs, and the creation of “hotels” for hedgehogs. „hoteli” dla jeży.



### BEST PRACTICES

Wedel volunteers from the production area, Bożena Chmielewska, Hanna Zawisza, Małgorzata Bor, Edyta Wróblewska and Małgorzata Judasz, became involved in the Capuchin Foundation, which deals with, among others, cooking dinners for the most needy residents of Warsaw, such as people who have found themselves in a state of homelessness. At the beginning of September, our employees helped clean and (for the first time after the break caused by the pandemic) open the indoor kitchen, and on the following autumn day, together with other volunteers, they prepared and served several hundred plates of hot barley soup. LOTTE Wedel’s support consisted in financing an industrial dishwasher for the Capuchin Foundation.





# 4. Social relations

## 4.4. Community initiatives

### 4.4.1. Employee volunteering



### PROJECTS REALISED BY VOLUNTEERS WITHIN THE PROGRAM "WEDEL FROM THE HEART"

Year	Year Value of support in PLN	Number of projects
2018	47 000	11
2019	104 194	20
2020	95 000	22
2021	122 996	24
2022	97 000	18
Total	466 190	95



# 4. Social relations

## 4.4. Community initiatives

### 4.4.1. Employee volunteering

The “Wedel Academy” has a formula based on “skillset volunteering”, i.e. the employees use their professional competences for the benefit of others.

In May 2022, for the third year in a row, and for the first time in person, and not only online, the company’s volunteers carried out **workshops for residents of care and education centres**. Thanks to their participation in the classes, 30 charges of the Good Initiatives Foundation gained knowledge about the basics of negotiation; the benefits of using open questions in business and private conversations, and consumer rights. The acquired competences will enable young people to function better in the facility and after they have left.

In November, our company supported the **#PaczkaDlaSeniora** (“Parcels for Senior Citizens”) project, implemented by our employees for the aforementioned foundation, with a product donation. As part of the initiative, volunteers packed products for elderly people in need.

**Additional information on the initiative:**  
**#PaczkaDlaSeniora**



*Drawing on strong relations with our Business Partners and Volunteers, the Good Initiatives Foundation is based on several pillars. One such pillar is the building of communities, formed around the support and education of children and young people from care and educational facilities. From the beginning of our cooperation, Wedel showed a clear understanding of the Foundation’s needs and a keen awareness of CSR. We have always been able to count on the commitment and engagement of Wedel representatives when it comes to volunteering initiatives. Indeed, I am proud to say that our cooperative ties have continued to go from strength to strength. For example,*

*Wedel employees are always happy to participate in our skill-enhancing initiatives, sharing within the framework of the Wedel Academy their knowledge and experiences. In addition, the company is always looking to support the strategic goals of the Good Initiatives Foundation. For an organisation like ours, this is extremely important because we do not finance our activities from government, local government or EU funds. Our Wedel partnership represents a winning example of cooperation between the third sector and business; one which has delivered tangible results. Together we are building an engaged and hands-on society.*

**BARTŁOMIEJ JOJCZYK,  
THE FOUNDATION OF  
GOOD INITIATIVES**





# 4. Social relations

## 4.4. Community initiatives

### 4.4.2. Working for and with the local community

On December 5, 2022, on the **International Volunteer Day**, we organised a ceremonial meeting for all those choosing to get involved in the initiative for the first time. On this occasion, we handed out titles for Volunteer of the Year. In a company-wide vote, the Wedel staff had decided that the activities of Małgorzata Judasz and Andrzej Konieczny carried out for the benefit of those in need, and which involved them giving of their free time, were particularly inspiring. During the meeting, the Managing Director expressed his personal appreciation to the entire group of volunteers.



### 3-3, Internal ratio 5

*Since our factory, as one of the few active production plants in Poland, is located in the city centre - specifically in Warsaw's Kamionek, which is part of the Praga-Południe district - relations with the local community are very important to us. Therefore, the "People" pillar of the LOTTE Wedel CSR strategy for 2020-2027 assumes cooperation with social organisations and public institutions in order to improve the quality of life of the people living in our neighbourhood. We are focused on building long-term partnerships and supporting activities of particular social importance.*

**KAROLINA KOPÍŃSKA,  
ESG COORDINATOR**





# 4. Social relations

## 4.4. Community initiatives

### 4.4.2. Working for and with the local community

The strategy assumes the implementation of the following key initiatives for the immediate environment:

- continuation of the “Wedel from the Heart” grant program (from 2021, projects may be submitted not only by our employees, but also by associations and foundations – including those operating locally),
- closer ties with the “Serduszko dla Dzieci” Association,
- participation in the “Polish-German Gardens” project,
- activities for the benefit of the local ecosystem (in 2022, our employees built, among others, nesting boxes for birds; boxes were hung in a forest located just outside of Warsaw that had been planted by employees in the spring of 2023).

#### Cooperation with the Association “Serduszko dla Dzieci” (“A heart for Children”)

Since 2001, we have been constantly supporting the local activities of “Serduszko dla Dzieci” Association for the education of children and young people from deprived backgrounds in Praga-Północ, carried out, among others, by community centres.

Our most important joint projects are:

- 🍷 the farm Folwark Wawer, which is a friendly educational space (a group of LOTTE Wedel volunteers, including members of the Management Team, was involved in construction and cleaning works),
- 🍷 annual sponsored events: the Praga Youth Film Festival and the Serduszko Cup football tournament,
- 🍷 installing an apiary on the roof of our factory, which is looked after by the association’s charges, as well as hotels for insects on Błonia Elekcyjne, in the park near the Wedel factory.

When creating audio/video recordings, we use the services of the **StartLab** youth enterprise – a non-profit company that transfers the generated profits to the statutory activities of the association.

#### THE POLISH-GERMAN GARDENS

We are one of the founders of the Polish-German Gardens, established in 2016. The initiative consists in the revitalization of the green area in the vicinity of Skaryszewski Park, between the northern shore of Kamionek Lake and Emil Wedel Boulevard (al. Emila Wedla). By combining the garden cultures of Poland and Germany, a symbol of friendship between these countries was created, which is now a permanent element of the landscape of Praga.

You will find more information about the Gardens [here](#).



Since 2005, we have sponsored the Wedel Run, organised by PTTK in Skaryszewski Park, in the vicinity of our premises. Every year, the event gathers about 1,000 enthusiasts of outdoor physical activity, who compete in 5 and 9 km runs, orienteering and Nordic walking. Special routes are also prepared for children. An active group of runners who are employees of LOTTE Wedel take part, and we can generally expect to see 50 LOTTE Wedel runners line up at the starting line.



# 4. Social relations

## 4.4. Community initiatives

### 4.4.3. Aid and charity activities

We financially support organisations and institutions working for social groups in need. Both the inhabitants of Warsaw and the inhabitants of Ghana, from where we buy our key raw material, and the citizens of Ukraine, affected by the Russian invasion, can count on our solidarity.

In 2022, we provided the greatest support to entities supporting people injured as a result of hostilities beyond our eastern border.

#### LOTTE WEDEL FOR WARSAW

We have been a partner of Bank Żywności SOS (“SOS Food Bank”) in Warsaw for 23 years. Every year, we give BŻ SOS over a dozen tonnes of our products, and additionally, and this cooperation has been extended to include educational aspects, addressed to both internal and external stakeholders (an example may be the preparation of internal guides on not wasting food). In 2022, we financially supported the creation of a new place on the map of the capital, the BŻ Food Distribution Point, where people in need receive the necessary support, including our products.

In December 2022, we joined the action of the Fundacja Dobrych Inicjatyw (Good Initiatives Foundation) **#ChoinkaDobrychSerc**, donating a huge Wedel Cake decorated with our other products to over 400 of its charges. At the end of the year, we started another joint project: we donated 30,000 PLN to the foundation for the implementation of a study on the future of young people leaving care and educational institutions.

**Additional information on the initiative Christmas Tree for the Kind Heart: [#ChoinkaDobrychSerc](#)**

#### LOTTE WEDEL FOR GHANA

Since we import our most important raw material, cocoa, from Ghana, we feel obliged to support local communities in Ghana as well. In 2019, we started cooperation with the Omenaa Foundation, whose goal was to build a new school in the city of Tema in the south of the country. As part of this campaign, we organised charity sales of our product lines in the Rossmann chain – some of the profits from the initiative supported the construction of this school. Thanks to our support, Kids Haven School was established, which helps the charges of this special centre, which deals with so-called “street children.” A solid education is their only chance of securing a better future for themselves.



In 2022, we continued to support this school by making a donation to fully finance renovation work and equip the amenity and educational room. In the coming years, we want to continue to develop cooperation with the school, e.g. to launch a program of online workshops, in which our employees would teach the pupils useful skills or pass on interesting facts about chocolate production.



# 4. Social relations

## 4.4. Community initiatives

### 4.4.3. Aid and charity activities



Kids Haven School w Ghanie



# 4. Social relations

## 4.4. Community initiatives

### 4.4.3. Aid and charity activities

#### LOTTE WEDEL FOR UKRAINE

We did not remain indifferent to the brutal Russian aggression in Ukraine, also because the tragic situation has directly affected our employees. We have taken many actions to provide each of these people and their loved ones with the necessary support:

- ♥ we provided non-returnable financial aid,
- ♥ we have organised medical care,
- ♥ we have provided psychological support, including the possibility of consulting specialists in the field of child psychology,
- ♥ we have granted employees from Ukraine an additional 2 days of leave for special needs related to the current situation.

From the second day of the war, LOTTE Wedel took part in several aid operations:

- ♥ to reception points in the capital and at the border. For example, the Praga-Południe District Office or the Capital City of Warsaw received Wedel products worth over 300,000 PLN,
- ♥ in-kind support addressed to people from Ukraine was also provided by the SOS Food Bank in Warsaw and the Good Initiatives Foundation,
- ♥ we donated a product to the Frisco online supermarket chain, the income from which supported people affected by the war,
- ♥ we made a financial donation to the Polish Centre for International Aid, which provides humanitarian aid in Ukraine.



In addition, our employees had the opportunity to apply for the transfer of company products to the places indicated by them, thanks to which we also reached out to smaller institutions and organizations with help. As a part of this activity, our products went to, inter alia, Ukraine, Warsaw railway stations and accommodation points.



# 4. Social relations

## 4.4. Community initiatives

### 4.4.4. Expenditure on prosocial activities

We provide financial and product donations to institutions and non-governmental organizations in accordance with the Donation Policy at LOTTE Wedel, which regulates the method for granting support and defining its addressees; initiatives for children are given priority. Most of the donations are made at the request of our employees, but we also choose the recipients of the aid based on the requests of other stakeholders: social organizations, city and district officials or enterprises neighbouring our factory.

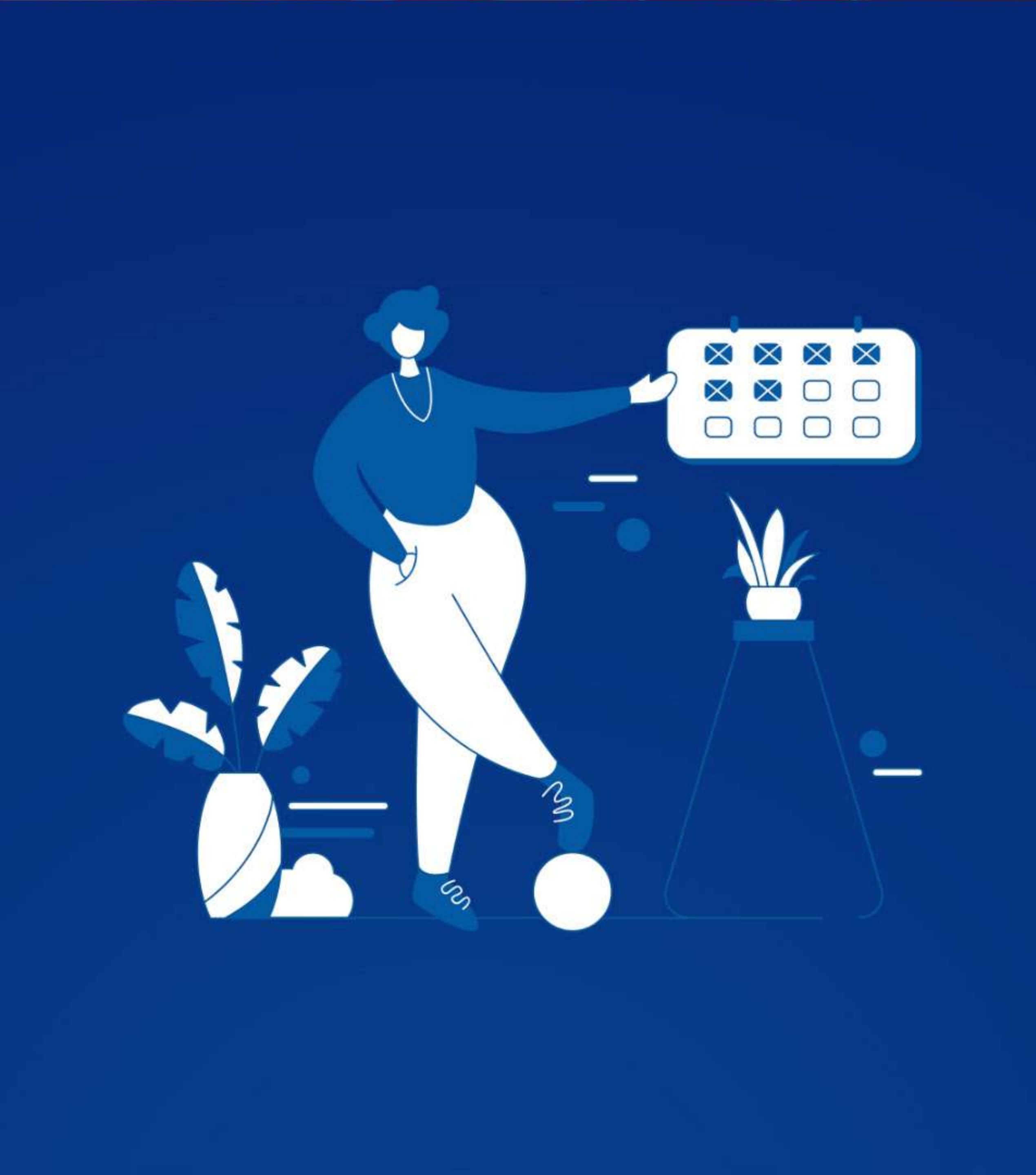
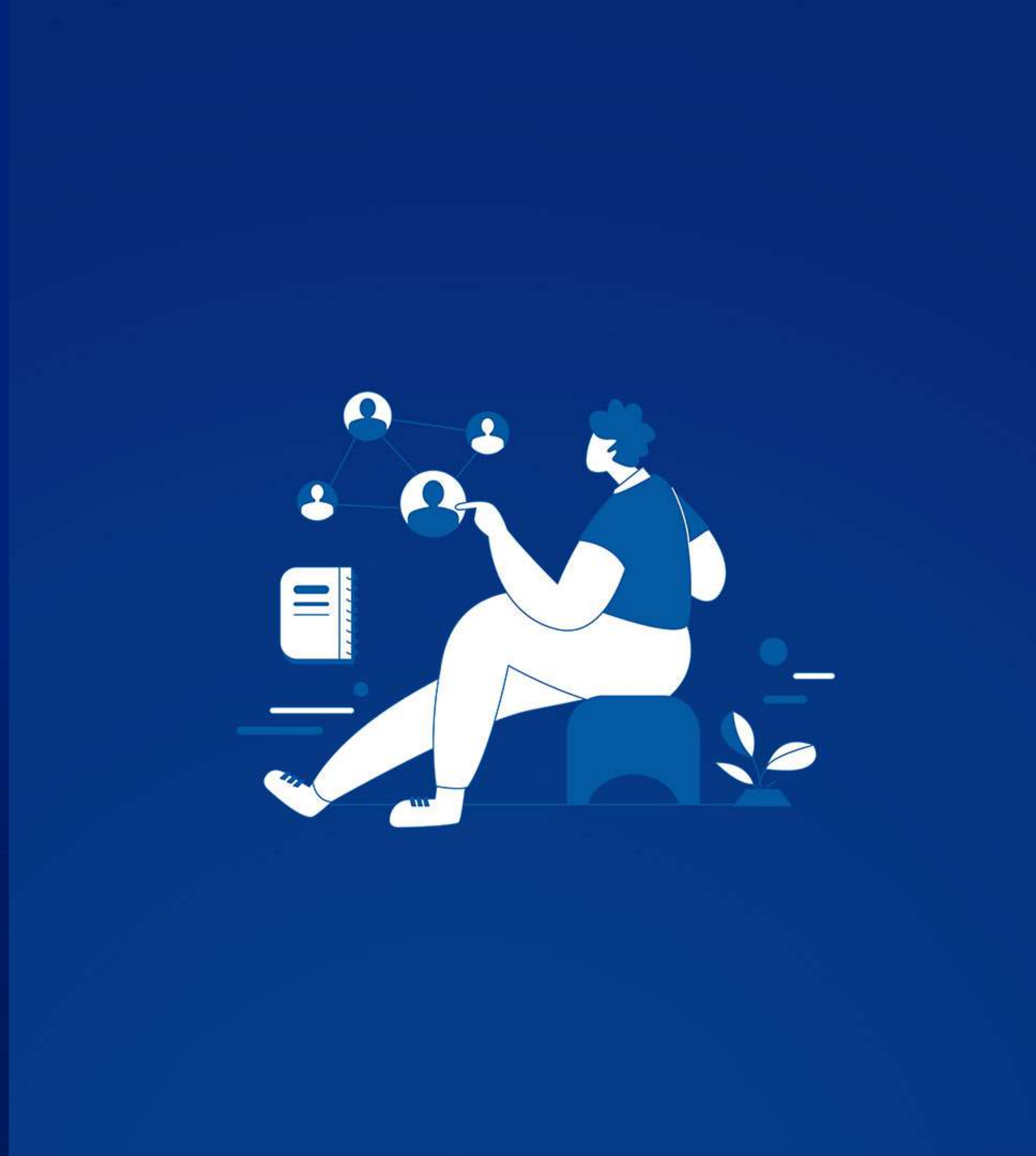
### In 2022:

241.5 THOUSAND PLN REPRESENTED THE TOTAL AMOUNT OF FINANCIAL DONATIONS, OF WHICH 30 THOUSAND PLN ACCOUNTED FOR THE FUNDS TRANSFERRED TO THE POLISH CENTRE FOR INTERNATIONAL AID, AND THE REST, AMONG OTHERS, FUNDS ALLOCATED UNDER THE GRANT PROGRAM "WEDEL FROM THE HEART" AND DONATED TO NON-GOVERNMENTAL ORGANIZATIONS WITH WHICH WE COOPERATE ON A REGULAR BASIS,

OVER 536 THOUSAND PLN AMOUNTED TO THE VALUE OF PRODUCT DONATIONS MADE BY WEDEL, OF WHICH 300 THOUSAND PLN APPROX. WENT TO SUPPORT REFUGEES AND RESIDENTS OF UKRAINE, AND OVER 227 THOUSAND PLN - TO SUPPORT THE SOS FOOD BANK IN WARSAW.









# 5. About the report

## 5.1. Dialogue with interested parties

2-29

**At Wedel, we believe in cooperation and diversity, which is why we involve our stakeholders in the implementation of ESG solutions. We remain in a constant process of dialogue with them, engaging various groups, taking into account their specificity. Among them**

- social organizations (local and nationwide),
- business partners - customers (e.g. retail chains),
- subcontractors,
- suppliers,
- consumers,
- employees, i.e. internal stakeholders.

Ways to engage stakeholders in dialogue include: surveys (dialogue for the purposes of the report, CSR research with SWPS), meetings and written correspondence with business partners, internal communication and employer brand research.

The CSR strategy prepared in 2020 was entirely based on information obtained during the Social Dialogue, carried out in accordance with the ISO 26000 standard. which showed how important the involvement in social issues, especially local ones, is for the activities of companies:

- 63 percent of Poles believe that enterprises should constantly take into account social goals in their activities,
- every fourth respondent expects the organization to contribute to the solving of local problems,
- 58 percent of respondents declare that they are more willing to buy products or use the services of socially active companies in the immediate vicinity.

Our overriding goal in engaging stakeholders is the ability to adjust activities (both ESG and business) to their needs. Wedel tries to listen to the voice of its business environment and, if possible, respond to it, in accordance with the mission "We are constantly changing so as to bring joy to both ourselves and our clients."



# 5. About the report

## 5.2. Process for defining key disclosures

3-1, 3-2

In order to identify the key disclosures to be described, various groups of the company's stakeholders were engaged in the dialogue: employees, business and social partners, as well as people interested in the company's activities on the LinkedIn social networking site. In the first quarter of 2023, we conducted an online survey among external and internal stakeholders, including questions on issues defined by Wedel's CSR strategy and GRI Standards. The survey was attended by 69 people, including 40 external stakeholders and 29 company employees.

The significance analysis was carried out in such a way that the results of the assessment of ESG issues from the dialogue with external stakeholders were superimposed on the perspective of internal stakeholders (employees). In this way, a double assessment of ESG issues was obtained - both the external environment and the people working at LOTTE Wedel who know the company from the inside.

We considered scores below 3.99 ( $\leq 3.99$ ) as low, and scores greater than or equal to 4 ( $\geq 4$ ) as high. On the basis of the notes assigned in this way, we have identified important topics.

We considered the issues that received two high marks to be important. Issues that received one high and the other low score - for topics of medium importance, while issues that received two low scores - not very important.

**Each of the above topics has been assigned relevant indicators from GRI Standards 2021, to be disclosed in this year's report.**

**As a result, from among the ESG issues, we have selected topics of high importance, which are described in this report:**

- compliance with laws and regulations, including prevention of violations of the principles of free competition and monopolistic practices,
- reliable marketing communication, ethical marketing and sales,
- transparent information about products and their composition,
- health and safety of customers using products or services,
- taking care of animal welfare (e.g. using cage-free eggs),
- the raw materials and materials used by the company and their recycling and reuse,
- production, utilisation and recycling of waste,
- creating environmentally friendly packaging,
- energy consumption, ways to reduce energy consumption,
- greenhouse gas emissions and ways to reduce them,
- water abstraction and consumption, water reuse, information on waste water discharged,
- creating space for employee development (training and education, supporting development and commitment),
- approach to managing the health and safety of employees,
- relations with local communities (preventing negative impact on communities, engaging them in company initiatives, consultations),
- diversity and equal opportunities in access to positions and remuneration,
- preventing discrimination, including in relation to people with disabilities,
- purchasing practices - assessment of suppliers in terms of employment practices, social issues and respect for human rights,
- responsible sourcing of raw materials.



# 5. About the report

## 5.3. The sustainability report

2-2, 2-3, 2-4, 2-5

This sustainability report includes data for 2022 from LOTTE Wedel Sp. z o. o. The report does not include data from the subsidiary Pijalnie Czekolady Sp. z o.o., which reports its financial data individually.

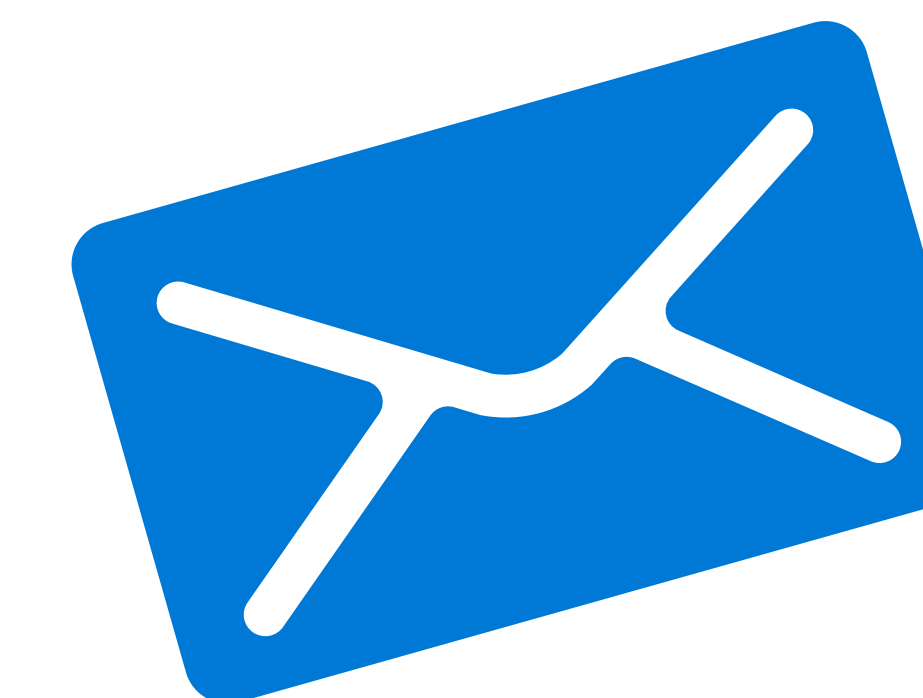
To ensure high-quality reporting, the study was prepared in accordance with the standards of the Global Reporting Initiative (GRI Standards 2021). The report has not been subject to voluntary external verification.

The issues presented in the report cover data for the period from January 1, 2022 to December 31, 2022. LOTTE Wedel reports on an annual basis. The previous report with non-financial information was published in June 2022. The data published therein do not require corrections.

Thank you for reading our report.

If you have any questions regarding the content of the report, please contact Ms. Karolina Kopińska, ESG Coordinator at Wedel:

karolina.kopinska@wedel.pl  
tel. +48 609 126 375





# 5. About the report

## 5.4 Index of GRI ratios



<b>Reporting standard declaration</b>	LOTTE Wedel Sp. z o. o. prepared a report in accordance with the GRI Standards for the period from January 1, 2022 to December 31, 2022.
<b>GRI 1</b>	GRI 1: Foundation 2021
<b>Applied sector standards</b>	-



# 5. About the report

## 5.4 Index of GRI ratios

GRI STANDARD/ OTHER SOURCE	RATIO	PAGE NUMBER	OMISSION		
			OMITTED REQUIREMENTS	REASON	EXPLANATION
<b>General disclosures</b>					
GRI 2: General disclosures 2021	2-1 Organisation details	009			
	2-2 Entities included in the organisation's sustainability reporting	061, 096			
	2-3 Reporting period, frequency and contact point	096			
	2-4 Restatements of information	096			
	2-5 External assurance	096			
	2-6 Activities, value chain and other business relationships	006, 028, 029, 030			
	2-7 Employees	064			
	2-8 Workers who are not employees	061			
	2-9 Governance structure and composition	010, 011			
	2-10 Nomination and selection of the highest governance body	011			
	2-11 Chair of the highest governance body	011			
	2-12 Role of the highest governance body in overseeing the management of impacts	012, 013, 014			



# 5. About the report

## 5.4 Index of GRI ratios

	2-13 Delegation of responsibility for managing impacts	012, 013, 014			
	2-14 Role of the highest governance body in sustainability reporting	012, 013, 014			
	2-15 Conflicts of interest	024			
	2-17 Collective knowledge of the highest governance body	012, 013, 014			
	2-18 Evaluation of the performance of the highest governance body	012, 013, 014			
	2-19 Remuneration policies		No information on the indicator	Confidential	Due to the very high confidentiality of data on salaries, which are very sensitive data and with which we compete on the employment market, information on salaries is treated by LOTTE Wedel Sp. z o.o. as confidential and is not disclosed anywhere other than the annual remuneration surveys conducted by Korn Ferry and MERCER.
	2-20 Process to determine remuneration		No information on the indicator	Confidential	



# 5. About the report

## 5.4 Index of GRI ratios

	2-21 Annual total compensation ratio		There is no information on the annual total salary of the highest-paid employee	Confidential	Due to the very high confidentiality of data on salaries, which are very sensitive data and with which we compete on the employment market, information on salaries is treated by LOTTE Wedel Sp. z o.o. as confidential and is not disclosed anywhere other than the annual remuneration surveys conducted by Korn Ferry and MERCER.
	2-23 Policy commitments	018, 019, 020			
	2-24 Embedding policy commitments	020			
	2-25 Processes to remediate negative impacts	021			
	2-26 Mechanisms for seeking advice and raising concerns	021			
	2-27 Compliance with laws and regulations	022, 038, 039, 040			
	2-28 Membership associations	015			
	2-29 Approach to stakeholder engagement	094			
	2-30 Collective bargaining agreements	061			



# 5. About the report

## 5.4 Index of GRI ratios

### Material topics

GRI 3: Material topics 2021	3-1 Process to determine material topics.	095			
	3-2 List of material topics	095			

### Topic-specific disclosures: Corporate governance

GRI 3: Material topics 2021	3-3 Management of material topics	022			
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### Anti-corruption

GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	023, 024			
	205-3 Confirmed incidents of corruption and actions taken	022			

### Topic-specific disclosures:

GRI 3: Material topics 2021	3-3 Management of material topics	025			
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### Anti-competitive behaviour

GRI 206: Anti-competitive behaviour 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	025			
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# 5. About the report

## 5.4 Index of GRI ratios

### Topic-specific disclosures: Materials

GRI 3: Material topics 2021	GRI 3: Material topics 2021 3-3 Managing topic-specific GRI	040			
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### Materials

GRI 301: Materials 2016	301-1 Materials used by weight or volume.	041			
	301-2 Recycled input materials used	041			
	301-3 Reclaimed products and their packaging materials.	054			

### Key topics: Managing energy

GRI 3: Key areas 2021	3-3 Material topics	050			
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### Energy

GRI 302: Energy 2016	302-1 Energy	050			
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# 5. About the report

## 5.4 Index of GRI ratios

### Topic-specific disclosures: Water and effluents

GRI 3: Material topics 2021	3-3 Material topics	051			
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### Water and effluents

GRI 303: Water and effluents 2018	303-3 Water and effluents	051			
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### Important topic: Greenhouse gas emissions and ways to reduce them

GRI 3: Material topics 2021	3-3 Material topics	042, 043			
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### Emissions

GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	044, 045			
	305-2 Energy indirect (Scope 2) GHG emissions	044, 045			
	305-4 GHG emissions intensity	044, 046			
	Reduction of GHG emissions	048, 049			



# 5. About the report

## 5.4 Index of GRI ratios

### Important topic: Waste

GRI 3: Material topics 2021	3-3 Management of material topics	052, 053			
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### Waste

GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	052, 053			
	306-2 Management of significant waste-related impacts	052, 053			
	306-3 Waste generated	054			
	306-4 Waste diverted from disposal	054			
	306-5 Waste directed to disposal	054			

### Important topic: Environmentally friendly packaging

GRI 3: Material topics 2021	3-3 Management of material topics	056			
Internal ratio 1	Percentage of environmentally friendly packaging	056			



# 5. About the report

## 5.4 Index of GRI ratios

### Important topic: Development of human capital

<b>GRI 3: Material topics 2021</b>	<b>3-3 Management of material topics</b>	<b>058, 065</b>			
<b>Employment</b>					
<b>GRI 401: Employment 2016</b>	<b>401-1 New employees and employee turnover</b>	<b>064</b>			
	<b>401-2 Benefits provided to full-time employees that are not available to temporary or part-time employees</b>	<b>062, 063</b>			
<b>Training and education</b>					
<b>GRI 404. Training and education 2016</b>	<b>404-1 Average number of training hours per year per employee</b>	<b>066</b>			
	<b>404-2 Employee qualification improvement programs and support programs in the transition period</b>	<b>067, 068, 069</b>			
	<b>Disclosure 404-3 Percentage of employees receiving regular performance and career development reviews</b>	<b>065</b>			



# 5. About the report

## 5.4 Index of GRI ratios

### Topic-specific disclosures: BHP

<b>GRI 3: Material topics 2021</b>	<b>3-3 Management of material topics</b>	<b>070</b>			
<b>BHP</b>					
<b>GRI 403: BHP 2018</b>	<b>403-1: Occupational health and safety management system</b>	<b>072</b>			
	<b>403-2 Hazard identification, risk assessment and accident investigation</b>	<b>073</b>			
	<b>403-3 Occupational health and safety services</b>	<b>074</b>			
	<b>404-4 Influence of employees on decisions, consultations and communication in the field of occupational health and safety</b>	<b>072, 074</b>			
	<b>403-5 Training for employees in occupational health and safety</b>	<b>075</b>			
	<b>403-6 Employee health promotion programs</b>	<b>070, 071</b>			
	<b>403-8 Employees covered by the occupational health and safety management system</b>	<b>072</b>			
	<b>403-9 Work-related injuries</b>	<b>075</b>			



# 5. About the report

## 5.4 Index of GRI ratios

### Topic-specific disclosures: Diversity and equal opportunity

GRI 3: Material topics 2021	3-3 Management of material topics	076, 077, 078, 079, 080, 081			
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### Diversity and equal opportunity

GRI 405: Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees	082			
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### Preventing discrimination

GRI 406: Preventing discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	083			
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### Topic-specific disclosures: Equal pay

GRI 3: Material topics 2021	3-3 Management of material topics	083			
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### Diversity and equal opportunity

GRI 405: Diversity and equal opportunity 2016	405-2 Ratio of basic salary and total salary of women to men	083			
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# 5. About the report

## 5.4 Index of GRI ratios

### Topic-specific disclosures: Social rating of suppliers

GRI 3: Material topics 2021	3-3 Management of material topics	028, 029, 030			
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### Social Rating of Suppliers

GRI 414: Social Rating of Suppliers 2016	414-1 New suppliers that have been assessed against social criteria	031			
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### Topic-specific disclosures: Customer health and safety

GRI 3: Material topics 2021	3-3 Management of material topics	026, 027			
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### Customer health and safety

GRI 416: Customer Health and Safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	026, 027			
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### Topic-specific disclosures: Marketing and branding of products and services

GRI 3: Material topics 2021	3-3 Management of material topics	035, 036			
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### Marketing and branding of products and services

GRI 417: Marketing and branding of products and services 2016	417-3 Incidents of non-compliance with the rules regarding marketing communications	035, 036			
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# 5. About the report

## 5.4 Index of GRI ratios

### Topic-specific disclosures: Informing on the composition of products

GRI 3: Material topics 2021	3-3 Management of material topics	035			
Internal ratio 2	Rules for informing about the composition of products	035			

### Topic-specific disclosures: Raw materials obtained

GRI 3: Material topics 2021	3-3 Management of material topics	030, 031, 032, 033, 034			
Internal ratio 3	Percentage of certified raw materials obtained	033			

### Topic-specific disclosures: Animal welfare

GRI 3: Material topics 2021	3-3 Management of material topics	034			
Internal ratio 4	A list of animal welfare commitments	034			

### Topic-specific disclosures: Local communities

GRI 3: Material topics 2021	3-3 Management of material topics	087			
Internal ratio 5	List of initiatives for local communities	087, 088, 089, 090, 091, 092			