

od 1851

E. Wedel

FOR THE FUTURE WITH PLEASURE

A LOTTE WEDEL REPORT FOR BUSINESS
ON A RESPONSIBLE FOOTING



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From the Board of Directors

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Dear Customers, Partners and Employees,

In 2021, together with our employees, customers, and business and social partners, we celebrated the company's 170th anniversary. It was a special time for us and an opportunity to reflect on the heritage that we continue to uphold. We are proud that we continue to be guided by the values established by our founders, the Wedel family: Karol, Emil and Jan, who ran their confectionary business in accordance with the very modern-day principles of sustainability, which meant putting people at the centre of the company's operations.

Our path to sustainable development started years ago with the 2019 CSR program, which today is a cornerstone of Wedel's business strategy. In 2021, we continued to pursue the goals of responsible growth, and this report is one of the fruits of this work. We are pleased to say that we are achieving new milestones in the areas of employee welfare, production (raw materials, packaging), and social engagement. Thanks to established solutions and an open approach to change, we are now able to flexibly adapt our business to all circumstances taking place on the market place.

Since February 24, we have been following with concern the reports of the ongoing situation in Ukraine, where a brutal war was caused by Russian aggression. Our business model has allowed us to take immediate action both as part of our commercial and charity activities. In February, we acted to suspend the export of products to Russia. This gesture is but one expression of our solidarity with the citizens of Ukraine. We are also supporting our employees of Ukrainian origin with financial packages, additional vacation

days, and psychological assistance. Moreover, together with many social partners - the Praga-Południe District Office, the Capital City of Warsaw, the SOS Food Bank in Warsaw, and the Good Initiatives Foundation, we have managed to deliver over a dozen tons of Wedel products to reception points. And what is more, through the Polish Centre for International Aid, we have provided financial support to the inhabitants of Ukraine.

Our CSR strategy and this report have been prepared in dialogue with our stakeholders - our employees, our partners and the local community. Among the most important issues raised have been sustainable production, employee welfare and social engagement. In line with our mission, "We are constantly changing to inspire joy in us and our Customers", in all activities the highest priority remains people - consumers, employees, partners - with their needs and expectations. It is through this prism that we have created our offer, both as a producer and an employer.



From the Board of Directors

102-14



The safety and well-being of our employees remain always to the fore; whereas we hold as sacred the importance of diversity. These are values on which our organizational culture is based. Evidence of the consistent implementation of such an approach has been our garnering of numerous awards, including Top Employer 2022 or Lidl Fair Pay.

At Wedel, we believe in cooperation and diversity. Therefore we have involved our stakeholders in the implementation of GSI solutions. We would especially like to thank all our employees, who have made every effort to ensure that Wedel continues to support sustainable development on a daily basis. Their creativity,

commitment, responsibility and work ethic have underpinned the implementation of our corporate social responsibility strategy.

We invite you to read this report and learn about the actions and steps that we have taken to create sustainable products; and to forge a committed team and harness reliable partnerships. The document that we present here represents our commitment to create a positive outlook by building a positive future.

Board of Directors LOTTE Wedel:

MACIEJ HERMAN
MANAGING DIRECTOR



INGA PYD
HR AND ADMINISTRATION
DIRECTOR



ANDRZEJ PAŁASZ
FINANCE AND IT DIRECTOR



**KRZYSZTOF
STEPNOWSKI**
SALES DIRECTOR



**SŁAWOMIR
KLUSZCZYŃSKI**
OPERATIONS DIRECTOR



From the Board of Directors

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est. 1851
E. Wedel

Dear Customers, Partners and Employees,

The publication of this first sustainable development report is a very important step in the development of Wedel, which has been creating the highest quality confectionaries for over 170 years. The values of social responsibility (including the implementation of the 7 convergent Sustainable Development Goals of the United Nations), and the family character of the business, are important elements linking Wedel with the parent company, LOTTE. The cooperation of our companies have allowed us to harness synergies as we continue to move toward the future.

Since 2016, LOTTE has been transparently reporting its activities in accordance with GRI standards and fulfilling other obligations arising from the UN Sustainable Development Goals. Thanks to our close relations, mutual support and the foundational experience that both Wedel and LOTTE can draw on, both entities continue to be inspired by new activities and the development of a coherent approach to CSR.

During each meeting with employees, I always repeat that a company's strength lies in its people. I believe that respect, ethics and synergy resulting from diversity underpin the stable and responsible growth of enterprises. I am very glad that this year Wedel has also joined the group of companies presenting their business approach to the general public. This report is not only a summary of the activities undertaken by Wedel in the area of sustainable development, but also represents the company's commitment to further cooperation with LOTTE, coupled with its commitment of care in respect of its employees and business and social partners.

TSUYOSHI FUKATSU
CHAIRMAN OF THE BOARD



od 1851
E. Wedel

1. WEDEL – 170 YEARS OF CONFECTIONERY PLEASURE

„FOR THE FUTURE WITH PLEASURE“

1. Wedel – 170 years of confectionery pleasure

102-1, 102-2, 102-3, 102-4

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E. Wedel

Original Wedel chocolate, Ptasię Mleczko® marshmallow, Torcik Wedlowski, the cult Pawełek chocolate bar - these are just some of the chocolate delights produced by the LOTTE Wedel factory, which has been located in Warsaw's Praga district since the 1930s.

In 2021, Wedel celebrated its 170th anniversary. Karol Wedel, its founder, opened the first confectionery and chocolate factory in Warsaw in 1851. The “chocolate business” was taken over by his son Emil (to whom we owe the legendary signature, which has remained the company's logo in an almost unchanged form), and later by his grandson Jan, who continued on with the family tradition. Today, the E. Wedel brand, known for its high-quality, signature products produced from Ghanaian cocoa, belongs to the group of three producers who have almost half the share of the chocolate market in Poland¹.

Ptasię Mleczko®, the flagship product of E. Wedel is currently the leader in the segment of chocolate mousse with a market share of 60.5%, and Wedel's Dark Chocolate 64%, 90g has a market share of 17.4% in the hard dark chocolate segment up to 149g².



National Digital Archives

¹ E. Wedel for NielsenIQ - Retail Trade Panel, All of Poland with Discounts (Food), value sale, share in value sale, cumulative period March 2021 - February 2022, category: Sweets, Pralines, Chocolate marshmallows and Bars - Hard bitter chocolate bars up to 149 g.

² E. Wedel for NielsenIQ - Retail Trade Panel, All of Poland with Discounts (Food), value sale, share in value sale, cumulative period March 2021 - February 2022, category: Sweets, Pralines, Chocolate marshmallows and Bars - Hard bitter chocolate bars up to 149 g.

1. Wedel – 170 years of confectionery pleasure

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



Ptasię Mleczko®



Mieszanka Wedłowska
- Chocolate Covered Candies



full chocolates,
with crèmes



sweets



biscuits



wafers



bars



pralines



ice-creams



Torcik
Wedłowski



halvah
and sesame



licensed
products
(e.g. muffins,
donuts)

1. Wedel – 170 years of confectionery pleasure

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od 1851
E. Wedel



2021

No. of employees

1 232

No. of premises

1

Share capital

141 905 000 PLN

No. of offered products

206



1. Wedel – 170 years of confectionery pleasure

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od 1851

E. Wedel



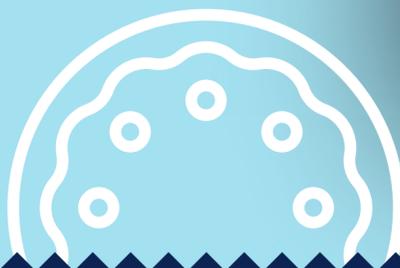
The company is constantly striving to diversify its portfolio and introduce innovations to its products and processes. An example is the development of the Ptasie Mleczko® marshmallows offer (produced since 1936), covered by a registered trademark. Since 2017, the offer includes Ptasie Mleczko® marshmallow, decorated and dedicated to special occasions, such as Christmas, Easter or Valentine's Day.

The mass production of decorated Ptasie Mleczko® marshmallow is the first such innovation on the world market (to date, decorated pralines were sold only as a handmade product).

It is worth noting that, despite the passage of years and the development of technology, some of our products are still partially produced without the use of machines - such as the hand decoration of Torcik Wedlowski or the special mixing of halvah, which is the main ingredient of the Chałwa Królewska bars.

The Wedel factory also houses the Rareties Studio, where the machines only complement the manual process of creating an assortment sold in the E. Wedel Chocolate Lounge.

Since September 2010, Wedel has been a part of the Japanese LOTTE Group, which operates in various business areas, including in the food, confectionery, trade, travel and tourism, chemical, construction and financial sectors.



1. Wedel – 170 years of confectionery pleasure

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AS OF DECEMBER 31, 2021, THE COMPANY'S MANAGEMENT TEAM IS:



**MACIEJ
HERMAN**
MANAGING
DIRECTOR



**INGA
PYD**
HR AND ADMINISTRATION
DIRECTOR



**ANDRZEJ
PAŁASZ**
FINANCE AND IT DIRECTOR



**KRZYSZTOF
STEPNOWSKI**
SALES DIRECTOR



**SŁAWOMIR
KLUSZCZYŃSKI**
OPERATIONS DIRECTOR

(Until the end of 2021, Monika Kolano-Wysokińska, Marketing Director, was a member of the management team).

Wedel is a company with heritage and tradition. It is also an organization that has functioned within the structures of several giants of the corporate world (PepsiCo, Cadbury, and Kraft). For the past 10 years, it has seen the return of local management, strongly supported by the LOTTE Group, autonomously operating within the specificity of its market, and basing its operation on the best international practices. The company's strategy is tailored to the Polish market. And we at LOTTE strongly feel that Polish specialists understand the domestic market best and know how to successfully run what is a legendary Polish enterprise.

TSUYOSHI FUKATSU
CHAIRMAN OF THE BOARD



1. Wedel – 170 years of confectionery pleasure



Karol Wedel opens the first confectionery in Warsaw

1851



the chocolate factory is presented to Emil Wedel as a wedding gift

1872



Emil Wedel starts putting his name on chocolate bars

1874



the factory is taken over by Jan Wedel, son of Emil

1923



a trademark is created - a boy on a zebra, commission given by Jan Wedel to the artist Leonetto Cappiello

1926



Jan Wedel moves the E. Wedel Chocolate Factory to ul. Zamoyski in Warsaw

1931



the famous Ptasia Mleczko® marshmallows are made for the first time

1936



the factory operates during World War II. During the September campaign in 1939 and the siege of Warsaw, Jan Wedel decides to open the warehouses and distribute food products to the inhabitants. He loses a fortune, but saves hundreds of people from hunger

1939 – 1944



the factory is taken over by the state authorities and its name is changed to Zakłady Przemysłu Cukierniczego im. July 22 d. E. Wedel

1949



Wedel is the first food company to obtain a quality certificate: ISO 9002: 1994

1996



the Wedel brand becomes a part of the Japanese LOTTE Group, a family concern founded in 1948

2010



adoption by the company of a CSR Strategy and the development of activities towards the achievement of a sustainable business

2020

1. Wedel – 170 years of confectionery pleasure

1.1. Beginnings of the brand. How each bar of chocolate ended up being signed

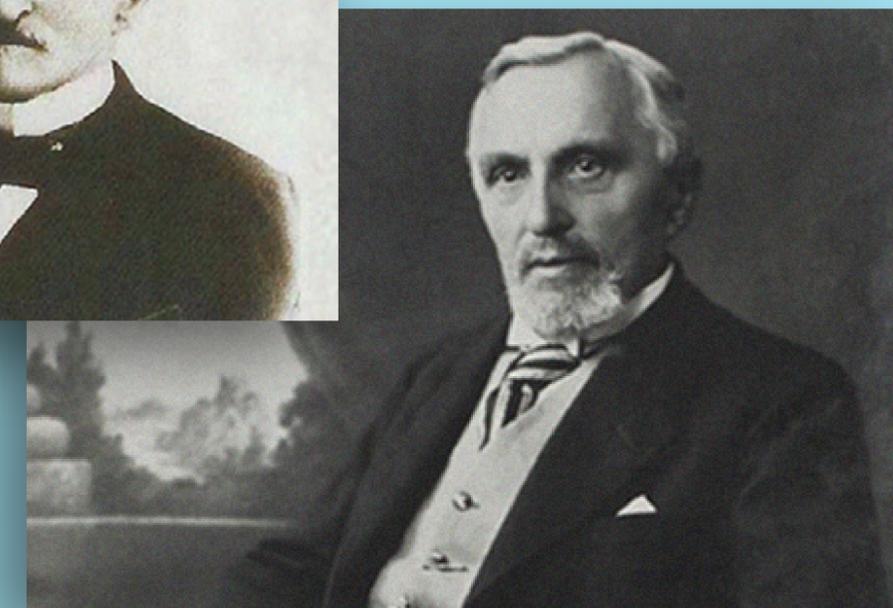
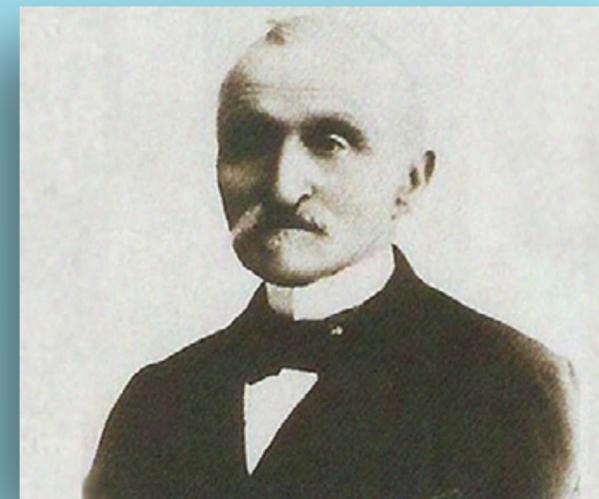
od 1851

E. Wedel

In 1851, Karol Wedel opened the first company shop with a small chocolate factory at ul. Miodowa in Warsaw. In the confectionery, the owner and his wife Karolina served guests drinking chocolate and health-inducing delicacies, such as Dresden malt syrup for colds, peppermint lozenges and cream caramels for coughs.

Before his arrival to Warsaw, Karol Wedel had completed confectionery apprenticeships in Paris, London and Berlin. Due to his passion and international experience, Wedel launched a chocolate revolution in the capital. The people of Warsaw fell in love with Wedel's delights, and revelled in their unique tastes.

In 1872, Karol bequeathed the chocolate factory to his son Emil as a wedding gift. On taking ownership of the company, Emil moved the plant to a tenement building at ul. Szpitalna, where to this day the oldest E. Wedel Chocolate Lounge is located in the "Staroświecki Sklep" (The Old World Shop). When E. Wedel's chocolate became so popular that counterfeits began to appear on the market, Emil Wedel began to put his handwritten signature on each bar. Over time, the signature "E. Wedel" became the trademark of the brand; and to this day it remains the company's logotype.



1. Wedel – 170 years of confectionery pleasure

1.1. Beginnings of the brand. How each bar of chocolate ended up being signed

od 1851

E. Wedel



Jan Wedel, son of Emil, would take over the running of the sweet business. Unlike his predecessors, he obtained a higher education and achieved a PhD in food chemistry. He was hailed as a visionary because he successfully applied modern production methods with a forward looking approach to both management and marketing.

It was Jan Wedel who was responsible for the pre-war development of the company's operations. In the 1930s, he moved the factory to its current premises at ul. Zamoyski in Warsaw. It was he who introduced the legendary products to the market, such as the Jedyna chocolate bar (available on the market since 1930) or the iconic Ptasię Mleczko® marshmallow.

Jan also achieved renown as a creative marketer. In 1926, he commissioned a characteristic logotype depicting a boy on a zebra (by the painter and caricaturist, Leonetto Cappiello), which is still used for advertising and

marketing the E. Wedel brand. Jan also collaborated with illustrators such as Zofia Stryjeńska, who created unique wrapping and packaging. To promote his chocolate products, Jan Wedel made recourse to innovative methods. In Skaryszewski Park, next to the factory, he built the first candy vending machine. He also purchased an RWD-13 plane, which was used not only for transporting products, but also for creative promotional campaigns.

Jan Wedel was not only a businessman, but also a social activist and philanthropist. He treated the factory staff as family, providing them with a wide range of benefits. In the factory, you could find, among others: a kindergarten, a surgery, and an employee sports club - "Rywal". Jan was also actively involved in the life of Warsaw, and financed the statue of Ignacy Paderewski and the stained glass windows to be found in the Church of the Holy Trinity.



1. Wedel – 170 years of confectionery pleasure

1.2. Wedel values for the generations

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E. Wedel



In line with our mission: “We are constantly changing to inspire joy in us and our customers”. To this end, the Wedel company continually focuses on development. A solid foundation of the business strategy is also its organizational culture, which defines both the values and the way in which the company and its employees operate. Since 2019, the company has been undergoing a transformational process to a specific target model, one that will allow it to more effectively respond to changing market challenges. The company's organizational culture is based on respect, diversity and an openness to varied perspectives and solutions. At the same time, the company cherishes the history and achievements of its founders. There is also a strong sense of responsibility for creating a better world, and to this end people are always placed at the heart of the company's activities. Wedel's values are in themselves a strong foundation for the implementation of the CSR Strategy.

All the company's initiatives are part of activities that look to benefit our customers, enhance quality, and foreground notions of responsibility, innovation and job satisfaction. In its more than 170-year history, the company has undergone many changes, but the programs and activities initiated by the founders are a legacy that continues to this day; and this legacy is an inexhaustible source of inspiration for the planning of activities tailored to our present and future needs.



1. Wedel – 170 years of confectionery pleasure

1.2. Wedel values for the generations

102-16

KEY VALUES IN THE ORGANIZATIONAL CULTURE OF THE COMPANY



I FOCUS ON THE CUSTOMER

- I build knowledge base about needs of the customer
- I listen to the opinions of the customers and I consider them
- I support implementation of goals of my customers
- I constantly work on a new offer for the client and the consumer



I PROVIDE QUALITY

- I work with passion and involvement
- I work effectively, I respect the time of others
- My work is based on facts
- I look for solutions instead of problems



I AM LIABLE

- I am ethical transparent in my actions
- I set goals, make decisions and pursue my goals
- I constantly improve my competences and pursue personal growth
- I share my knowledge and support the growth of other employees



I QUESTION THE STATUS QUO

- I communicate honestly and with confidence
- I am open to change and introducing new solutions
- I simplify actions and improve processes
- I do not look for someone to blame and I learn from mistakes



I FEEL AM HAPPY WITH AND AT MY WORK

- I respect others and I am kind
- I can be myself and I support diversity
- I appreciate others, we celebrate the time we share together
- We act for the benefit of the community and the environment
- We care for each other

1. Wedel – 170 years of confectionery pleasure

1.3. Proud to take responsibility



In 2020, Wedel adopted the CSR Strategy for 2020-2027, the shape of which was influenced by all internal and external stakeholders of the company. The main goal of the document is to combine the current needs of the company in the fields of corporate social responsibility and sustainable development, inspired by the path forged by the first owners and founders, the Wedel family. The goals of sustainable development have also been included in Wedel's business strategy.

The CSR strategy is based on three pillars:



People

We look to care for everyone and ensure that contact with us is always pleasurable.

In its activities, Wedel focuses on its employees, customers, and business and social partners; and caring for good relations with all groups of stakeholders.

This pillar covers all issues related to people within the environment of the company. It applies to employees, customers and business partners.

This pillar supports the implementation of the four UN Sustainable Development Goals:



Innovation

We have a tradition of creating new solutions that stretches back to 1851.

Wedel develops its product portfolio, and its processes and procedures using innovative solutions.

This pillar integrates initiatives aimed at creating long-term company value based on its natural ability to innovate.

This pillar supports the implementation of the three UN Sustainable Development Goals:



Environment

We are a part of this world. We care for the environment because our resources come from nature.

Wedel products are created with respect for the natural environment and with the assumption of minimizing the negative impact of business on the environment.

This pillar covers all aspects related to the company's impact on the natural environment, waste management; as well as the company's responsibility for its carbon footprint.

The Environment Pillar supports the implementation of the following three United Nations Sustainable Development Goals:



1. Wedel – 170 years of confectionery pleasure

1.3. Proud to take responsibility

Arising from these pillars, key issues for the company and its stakeholders were identified (and divided into 18 areas). The assumptions of the strategy at the operational level are reflected in 42 initiatives.

The present shape of the strategic document was significantly influenced not only by the company's employees, but also by Wedel's customers: business (retail chains and retailers) and individual customers, participating in a dialogue with stakeholders.

The process of developing the CSR Strategy was based on international standards (including AA1000). The starting point was to create a matrix of topics that took into account the perspective of both the company itself and the representatives of its environment. This matrix made it possible to prioritise the aspects related to corporate social responsibility; and to identify potential risks.

While preparing the CSR Strategy, the company's value chain was also analysed in order to determine which of the UN Sustainable Development Goals are directly related to Wedel's activities. In this way, seven objectives (SDGs) were selected, to which the projects implemented under the strategy will relate.



1. Wedel – 170 years of confectionery pleasure

1.3. Proud to take responsibility

Wedel has created a three-tier structure for managing CSR processes, in which the company's management is actively involved in setting the direction of changes and implementing key initiatives in a motivational manner. Managers of individual departments not only see the goals and tasks facing them, but they also fully understand what they result from and how they are related to the tasks of other parts of the company. There are also operational employees embedded within the entire process; and their knowledge and guidance bring irreplaceable value to the entire project.

THE INTER-DEPARTMENTAL TEAM FOR THE CSR STRATEGY COMPRISES THREE TIERS:



ensures that the CSR strategy is in line with LOTTE Wedel's business goals.



approve and monitor CSR activities broken down into strategic programs and streams. The supervising function is performed by the HR and Administration Director, while the Corporate Communications Manager is responsible for the execution of the entire CSR strategy.



within the programs and streams, representatives of individual departments are responsible for the implementation of strategic initiatives.

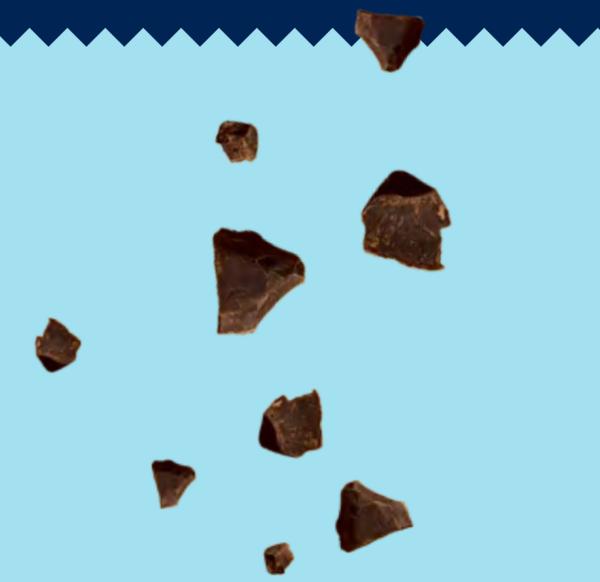
1. Wedel – 170 years of confectionery pleasure

1.3. Proud to take responsibility

102-40, 102-42, 102-43, 102-44



Preceding the formulation of the CSR Strategy, dialogue took place, which allowed us to identify key issues relating to social responsibility that should be dealt with by the company:



The most important groups of stakeholders identified by Wedel are employees, customers, business partners, and public administration and non-governmental organizations. Due to the specificity of our business, the identification and selection of stakeholders is a multidimensional process that functions both at the level of the company and individual internal units. They take into account the significance of the influence exerted on a given group and its influence on the enterprise. Wedel is in constant dialogue with stakeholders, involving various groups, taking into account their specific role and function. This dialogue takes the form of survey research (dialogue for the purposes of the report, CSR research with SWPS University of Social Sciences and Humanities), meetings and written correspondence with business partners, internal communications, and employer brand research.

Within these areas, commitments were made and actions were planned for the future, which are discussed in detail in the individual sections of this report.

1. Wedel – 170 years of confectionery pleasure

1.4. Brand development and exports

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E. Wedel

Currently, Poland is the fourth exporter of chocolate sweets in the world and the fifth largest producer in Europe. Due to the saturation of the domestic market, companies have looked to actively increase the availability of their products abroad.

The E. Wedel brand is constantly developing and, in line with its strategy, is strongly focused on strengthening its presence on foreign markets. It is worth noting that we are growing abroad much faster than in Poland - in the last three years we have doubled our turnover on foreign markets. We have ambitious plans for Wedel to be not only a strictly Polish brand, known only in our country, but also strong in the region. This is one of our main focuses for development.

Wedel products can be found in almost 60 countries around the world: incl. in Australia, New Zealand, Russia (until February 2022), Ireland, Germany, the Netherlands, Bosnia, Greece, Kosovo, the Arab Emirates, Qatar, Mexico and Ukraine. Currently, the key markets for the company are the United States, Canada and the United Kingdom. Among the new countries to which Wedel exports its products are also: Uruguay, Philippines, Chile and Brazil. In February 2022, due to the Russian invasion of Ukraine, Wedel suspended the export of products to Russia.

Wedel's products can be found today in over 60 countries around the world, and we are looking to increase our exports across the entire business.

International expansion is one of the key elements of Wedel's long-term strategy, which is based on three pillars:

- 1. Consumers – optimal products to local markets*
- 2. Clients - partnerships based on high-quality services and innovative market-oriented activities*
- 3. Teams – the development of an extensive commercial knowledge allowing our Export Team to best adjust their activities to the specificity of a given market.*

Indeed, with the abilities of our Export Team to make meaningful linkages with our partners, they remain a key element of our strategy going forward.

CEZARY KNAŚ
EXPORT MANAGER



³ worldstopexports.com

⁴ Eurostat, dane za 2020



1. Wedel – 170 years of confectionery pleasure

1.5. Membership of organizations and external initiatives

102-12, 102-13



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E. Wedel

In order to respond to current market challenges and consumer needs, as well as to influence real changes, the company has engaged in industry partnerships implementing specific sustainable development goals.

Since 1997, Wedel has been a member of Polbisco, the Association of Polish Producers of Chocolate and Confectionery Products, whose aim is to represent and protect the common interests of Polish producers of chocolate, pastry and confectionery products.

POLBISCO

In addition, in June 2019, our company joined the Polish Coalition for Sustainable Palm Oil under the WWF agenda as a founding member. Here the aim is to bring about an end to deforestation and environmental degradation caused by intensive farming. The coalition also conducts educational activities aimed at raising awareness of the responsible sourcing of palm oil, promoting certification, and eliminating false information in the media (also regarding health aspects).

POLSKA KOALICJA
DS. ZRÓWNOWAŻONEGO
oleju palmowego

In September 2019, Wedel - as the first advertiser in Poland - signed the White Book of the Marketing Communication Industry, i.e. a document establishing tender standards and standards of cooperation with suppliers of marketing services.

sar ●●●



1. Wedel – 170 years of confectionery pleasure

1.6. A prize-winning firm



Every year, the E. Wedel brand is a laureate of many awards and distinctions in the fields of trade and FMCG; and for its responsible business and marketing communication.

In 2021, we received the following awards:



PRODUCTS



MARKETING

ZŁOTE SPINACZE

mixx
AWARDS 2021

Superbrands
POLSKA



HR



CSR



1. Wedel – 170 years of confectionery pleasure

1.7. Celebrating 170 years



Throughout 2021, the company celebrated its 170th anniversary together with its employees and the local community. It was 12 months full of various activities, introducing employees and consumers to the unique atmosphere of Wedel delights, while emphasizing the uniqueness of the company's heritage.

170 years in numbers (activities for employees):

 3 000 kudos	published “from employees to employees” on the internal platform
 9 000 kg	of Wedel sweets distributed as part of thematic shipments along with anniversary gifts
 330 000 km	covered by employees walking, running and biking as part of a joint sports and charity campaign “170% of the standard”
 30 000 PLN	donated to a charitable cause
 more than 100	good deeds carried out by representatives of the Wedel community (and registered on the internal platform)
 22	completed voluntary projects for local communities carried out under the grant program with the participation of employees

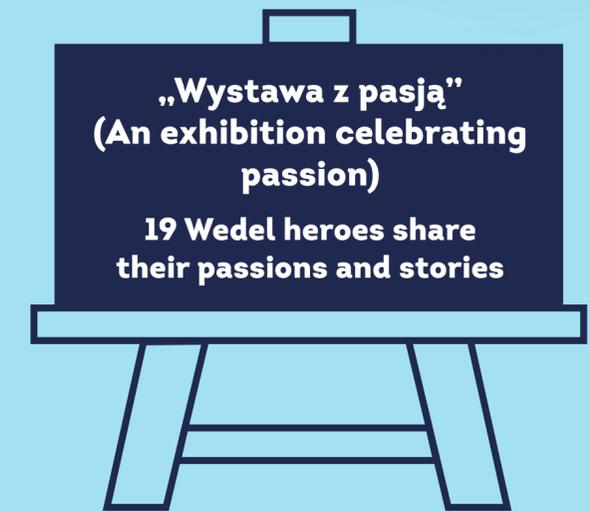
In section 5, we can read more about our anniversary celebration, which involved cultural and charitable activities that engaged directly with customers.

1. Wedel – 170 years of confectionery pleasure

1.7. Celebrating 170 years



EXHIBITIONS



SELECTED INTERNAL COMPETITIONS

 For perceptiveness
“A keen eye”

 Competition for Women's Day and Men's Day

 Easter Mazurek

 A mural through the eyes of a child

 Summertime photo contest

 Personal portraits

 A competition on the series *Receptura* (Recipe)

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E. Wedel

2. TAKING PLEASURE IN OUR DEVELOPMENT

2. Taking pleasure in our development

Wedel's mission: "We are constantly changing to bring joy to us and our clients." reflects the philosophy of action, which assumes responding to the challenges of the modern world as a responsible producer, employer, neighbour and partner. Such an openness to change is synonymous with continuous development and improvement - both for us (as an organization) and our products.

Continuing with the Wedel tradition, we constantly observe the market, and develop innovations that meet the current needs of consumers. We not only follow trends, but endeavour to set them.

Production in the new categories of our sweets requires the adapting of solutions to emerging challenges and investing in modern technologies. In order to increase production capacity, Wedel is currently reconstructing the building of the former silos, where cocoa beans were once stored. The planned investment is approx. PLN 200 million, and will involve the demolition of the old building, and its reconstruction, extension and connection with the existing factory part. The building, revitalised in this way, will have eight above-ground storeys and one underground level. This investment will improve our modern production lines and put our commercial function on a sound footing. The reconstruction project is being carried out in accordance with the guidelines of the conservator of monuments and in agreement with the Architecture and Spatial Planning Office of the Capital City of Warsaw. We have also consulted with representatives of the Praga-Południe district and the local community. Completion of construction works is scheduled for 2024.

Wedel is constantly improving its processes and implementing modern solutions. An example may be the changes introduced in the last two years in the HR area, such as adapting to the realities of hybrid work, the digitization of processes, friendly mobile applications for the individual selection of benefits, and the use of HR systems.

The factory also boasts a Kaizen program, which is aimed at leaders in the production area, which provides continuous improvement. In dedicated project teams, creative solutions to various problems are developed. The most interesting concepts are awarded and inspire further work and changes.

2.1. Creating a harmonious organisation

Wedel activities are enshrined in documents such as the following

- Business strategy
- Social responsibility strategy (more on this in **section 1**)
- Code of Ethics (Ethics)
- Compliance Management Policy
- Counteracting irregularities in employment policy
- Anti-corruption Policy
- E. Wedel's Code of Communication Practices
- Company Regulations



2. Taking pleasure in our development

2.1. Creating a harmonious organization

103-1 (412), 103-2 (412), 103-3 (412)

The Code of Ethics has been operating in Wedel since 2012 as the overriding document establishing values and defining the ethical culture of the company. This document defines the principles that guide us in our daily business activities, also expressing our responsibility as an employer, producer, neighbour or business partner. The Code sets a hierarchy of values and standards of conduct for all employees, regardless of their role and position. Each employee of the company is obliged to read the Code and apply its principles on a daily basis.

The ethical and organizational culture as well as the Wedel Code of Ethics assume respect for the rights of every human being. We believe that it is mutual respect, care and equality that allow us to develop the company every day.



Ethics is the cultural heritage of our company. We cultivate the traditions professed and practiced by the Wedel family, because we believe that responsible, consistent and reliable business conduct contributes to the flourishing of the company and its environment.

We are aware of the impact our activities have on society; and of our responsibility towards various entities related to the company's activities. We are committed to making decisions and presenting behaviours that are moral and fair. We expect this same attitude from every member of the Wedel team. All of us - the management board and our employees - are committed to acting in the best interests of the company.

Code of Ethics - Declaration of Ethics in Action

2. Taking pleasure in our development

2.1. Creating a harmonious organization

103-1 (412), 103-2 (412), 103-3 (412), 412-2

The issues raised in the document include:

- ① mission and values of the company
- ② ethics in relations with employees
- ③ ethics in relations with consumers
- ④ ethics in relations with customers, suppliers and business partners
- ⑤ ethics in relations with competitors
- ⑥ activities for local communities and the environment
- ⑦ ethics in relations with the owner

The Code of Ethics clearly defines the right to individuality, equality of all employees and respect for their rights at Wedel:

„... we require ethical behaviour and respect for dignity and respect for human rights in relations with employees, business partners and local communities.“

We recognise that apart from diversity, Wedel's DNA also includes respect for human rights, which is a condition for individualism and respect for the diversity of each of us.

More information on Wedel's approach to diversity can be found in **subsection 4.1.**

In addition to implementing the Code of Ethics, we provide training in the field of human rights and their observance. In 2021, the company trained 35% of its employees in the field of human rights policies - 430 people participated in a total of 990 hours of training on this subject.

The provisions in the Code of Ethics also reflect the company's care for open and honest communication among employees in teams:

We believe that two-way, open, reliable and honest communication strengthens work efficiency and employee engagement, as well as building a sense of security.

2. Taking pleasure in our development

2.1. Creating a harmonious organization

103-1 (406), 103-2 (406), 103-3 (406)

Anti-discrimination

Since 2020, Wedel has had a system for counteracting irregularities, which consists of:

- an anti-bullying policy,
- procedures for reporting and clarifying irregularities.

Thanks to this system, each employee can report a disturbing situation and be sure that a special team will deal with the matter. The company has also created the position of Compliance Manager, who is responsible for receiving reports of irregularities and conducting investigative proceedings. In addition, a number of trainings (including mandatory) and an information campaign (addressed to all areas in the company) have been conducted among employees to promote appropriate attitudes and provide knowledge about ethics, expected and incorrect behaviours - covering such issues as: discrimination, harassment, sexual harassment, the violation of personal rights, and bullying.

Following the implementation of the above-mentioned activities and the extensive education of employees, based on the survey results, greater awareness by the team about irregularities in the workplace was noted. Employees also learned how to respond to irregularities in accordance with internal procedures.

The company's system of reporting and explaining irregularities is essential for our employees. As a result, they know which situations are incorrect; to whom they should flag the incident, and who will be responsible for objectively investigating the matter. Implementing a comprehensive system of counteracting irregularities in Wedel has provided employees with a sense of security and assurance when a situation affects them directly. The same system also supports whistle-blowers, who may report disturbing behaviour that concerns a group of employees.

MATEUSZ HENDZEL
COMPLIANCE MANAGER



2. Taking pleasure in our development

2.1. Creating a harmonious organization

406-1

Two cases of discrimination were reported in 2021. Internal explanatory proceedings were carried out, culminating in the development of corrective actions, which were immediately implemented. In one case, it involved a disciplinary interview, and in the other, a termination of employment. The leaders of the teams involved in these irregularities were subsequently instructed on the ongoing monitoring of employees' behaviour and correct responses to irregularities.

Thanks to such preventive activities, Wedel looks to promote positive, ethical behaviour, which reflects the company's values and emphasises one of the three most important pillars of the company's existence - people.



2. Taking pleasure in our development

2.1. Creating a harmonious organization

103-1 (205), 103-2 (205), 103-3 (205), 205-2, 205-3



Anti-corruption activities

Business ethics, honesty, integrity and conducting transactions in accordance with all standards of fairness and applicable law are the basis of our business operations. This commitment is also reflected in a strict adherence to the principles of corporate governance.

Since 2011, Wedel has been implementing a policy of preventing corruption-related issues or activities. In accordance with the established regulations, all suspicions and cases of corrupt actions should be reported to the Legal Department, which is obliged to investigate and explain the matter. The prescribed procedure protects persons reporting all corruption-related events, ensuring that they will be treated confidentially.

At the same time, we continue to adjust internal rules to the applicable legal regulations on an ongoing basis; ensuring appropriate supervision over all processes and areas in the company.

At Wedel, we make sure that our employees are aware of the applicable anti-corruption rules and procedures. In 2021, 100% of the staff at all levels were informed about the current regulations and policies. The following participated in anti-corruption training:

57%	of members of management bodies
36%	of senior management
21%	of middle management
20%	of remaining employees

In 2021, there were no cases of corruption in the organization.



2. Taking pleasure in our development

2.1. Creating a harmonious organization

205-3

Number and percentage of members of the management bodies who:	have been informed about anti-corruption policies and procedures		have undergone anti-corruption training	
	7	100%	4	57%
Numbers and percentages	have been informed about anti-corruption policies and procedures		have undergone anti-corruption training	
senior management	11	100%	4	36%
middle management	47	100%	10	21%
remaining employees	1167	100%	236	20%

11 contractors from over 100 business partners were informed about the organization's anti-corruption policies and procedures.

2. Taking pleasure in our development

2.1. Creating a harmonious organization

103-1 (206), 103-2 (206), 103-3 (206), 206-1

We build partnership relations and we are open to business cooperation based on trust. An important element of this are anti-competition issues, which we understand not only as legislative correctness and compliance, but also define them from the perspective of organizational values and mutual respect.

We are members of industry associations (Polbisco, Lewiatan), in which, together with other companies, also competitive, we work to achieve common goals and good cooperation in business (an example is also our activity in the Polish Coalition for Sustainable Palm Oil).

In 2021, no trials were initiated against LOTTE Wedel related to anti-competitive behaviour and the infringement of antitrust laws to which the organization would be a party.

od 1851
E. Wedel



2. Taking pleasure in our development

2.2. Quality is our concern

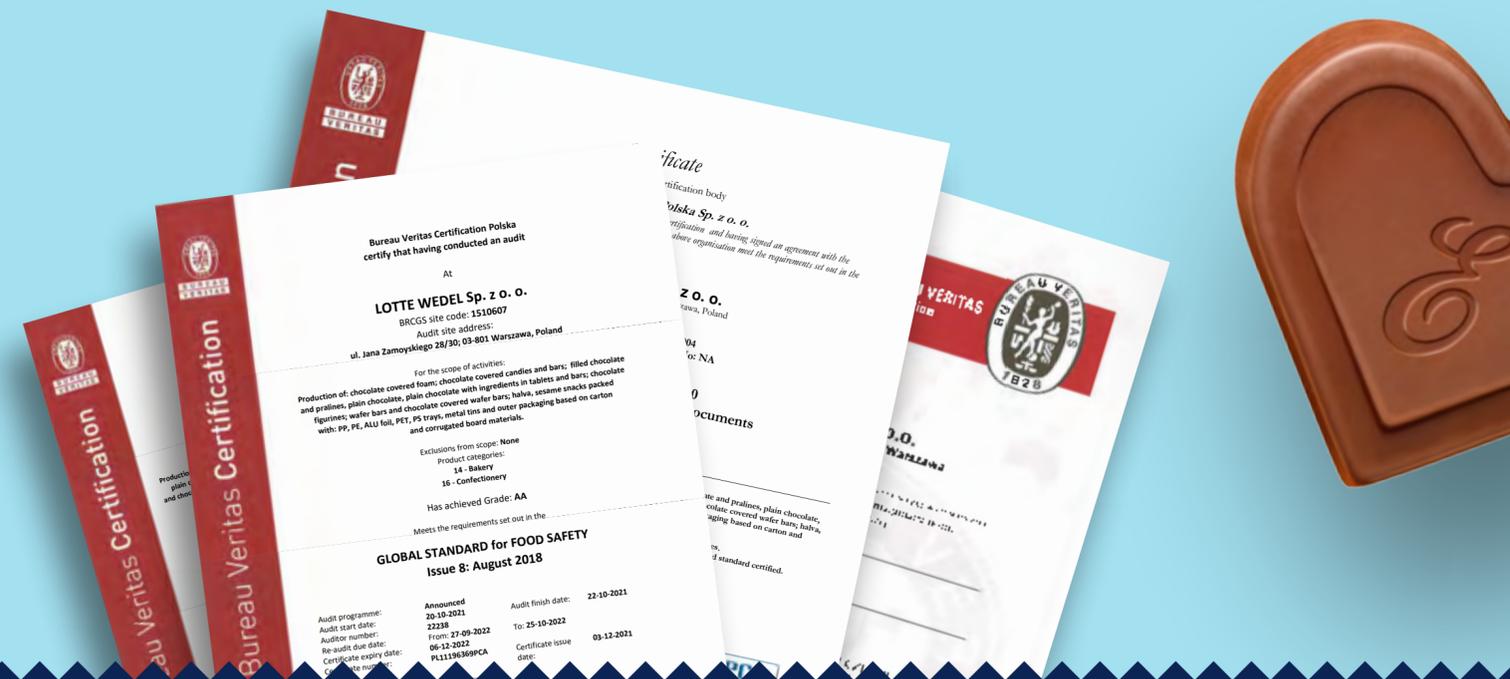


The quality of products is the company's priority; already established by Jan Wedel, who was known for his stringent attitude, not only in terms of hygiene in the factory, but also the quality of the raw materials.

Today, Wedel for the production of its chocolate sweets invariably uses only the highest quality cocoa from Ghana, applying the same technology to create a chocolate mass without any cocoa fat substitutes, which guarantees a unique taste. Our recipes and production processes are the result of the work of many generations. The quality of Wedel products is due to the activity and cooperation of the entire company at all stages of production. One of the key values of Wedel, present in the daily work of each employee, is "I provide quality".

Our plant meets international quality and food safety standards, confirmed by certificates with high results from audits carried out in 2021 by independent auditors.

The IFS International Food Standard certification (2021 score: 99%) is a certification developed by representatives of the German retail trade. BRC Global Standard for Food (2021 Score: AA+) is a standard implemented by a UK consortium of retailers. The purpose of both certificates is to minimise the risk of food safety hazards during production and to maintain stringent requirements during all processes taking place in the plant. The plant in Wedel has also implemented: BRC module FSMA, ISO 9001: 2015, RSPO certificate for the plant for palm oil (Roundtable on Sustainable Palm Oil).



2. Taking pleasure in our development

2.2.1. With an eye on food safety

Our Food Safety Culture program was implemented many years ago and is still being developed. The program itself encapsulates what we as a company are about. We monitor sustainable food quality and safety on an ongoing basis using an anonymous questionnaire addressed to the company's employees. Based on its results, we constantly identify our strengths and areas for improvement.

In 2021, we continued the implementation of numerous quality initiatives and projects. Examples of quality development programs are the: "Supplier quality assurance program", "I have an idea program" or a project to improve communication within the Quality department. Commendably, matrices of information needs, meeting grids or visual management were created for each of the sub-assemblies of the quality department (called "islands" for internal purposes). As a result, we have achieved a significant improvement in the communication process for our entire team - an increase of almost 25 percentage points.

In line with our approach to continuous improvement, we implemented 341 ideas last year under the "I Have an Idea" program that improved our processes while resulting in quality enhancements.



Our cooperation with suppliers in the field of quality is based on partnership relations, where we are open to sharing knowledge and exchanging experiences. We support suppliers in improving control processes at every stage of the production. One example was a training course in 2021 tailored to our suppliers and partners on the requirements set out by LOTTE Wedel relating to dairy control.

MAGDALENA NOWICKA
QUALITY MANAGER



2. Taking pleasure in our development

2.2.1. With an eye on food safety

Quality at LOTTE Wedel is controlled by four organizational units:



Our own state-of-the-art laboratories, equipped with the most modern equipment

The microbiological laboratory carries out analyses of raw materials, all finished products (each batch), the production and production environment, and controls the cleanliness of the washing processes of production lines.

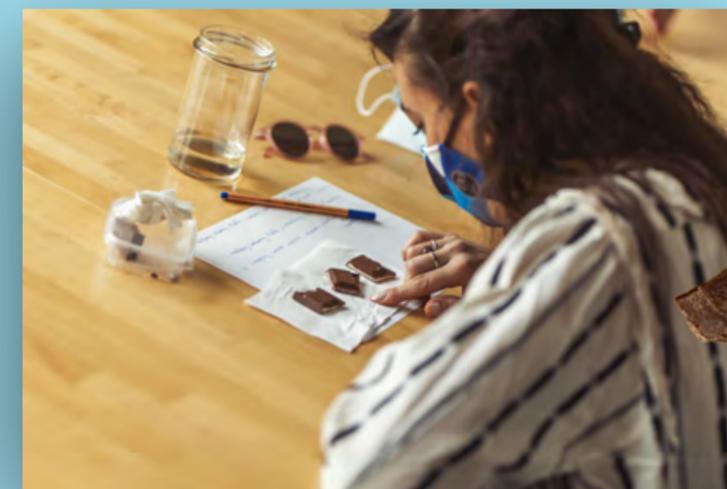
The analytical laboratory carries out tests on raw materials, semi-finished products, finished products and packaging.

The sensory laboratory (located in the area of the R&D department) is responsible for constant supervision over the quality of standard products and raw materials, as well as controlling changes that occur during the storage of the product. The members of the sensory panel, apart from their passion for chocolate, are distinguished by an exceptional sensitivity of the senses to flavours and aromas. They know our strategic raw materials very well, i.e. chocolate mass and cocoa. They also perfectly know the sensory profile of our key products, incl. dark and milk chocolate, Ptasia Mleczko® marshmallow. As a result, they support project teams in the creation of new products, such as high-milk chocolate. Panellists meet several times a week to taste and assess whether our products meet certain parameters. In 2021, the tasters assessed almost 8,000 samples of Ptasia Mleczko® marshmallows, 16 kg of cocoa liquor, about 2,000 pieces of products collected during market inspections, and participated in 1,900 storage tests. In 2020, the Wedel sensory panel celebrated its 10th anniversary - for the most part, it still consists of the same tasters. In 2021, an internal consumer panel was established, consisting of the company's employees. The panel continues to support project teams in choosing the best flavours when creating new products. Since the panel's inception, 45 products have already been assessed.



Quality control of the finished product

Controls and tests are performed not only by the Quality department staff, but also by operators on specially equipped stands. We want our employees to assess the quality and safety of the product where it is made and feel responsible for what they produce. We attach great importance to training production employees in the field of quality assurance, as well as to providing them with appropriate tools so that they can control quality and safety on site. We assume that they are the fastest and most efficient in identifying threats and reacting to them.



2. Taking pleasure in our development

2.2.1. With an eye on food safety



System quality control

Quality management systems are being constantly upgraded, in addition to the necessary changes required due to the updating of food safety standards or new legal regulations, we follow and use technical and IT innovations. Every year, we plan to modernise and invest in new versions of control devices or programs that improve cooperation with the quality department (e.g. a database for collecting data from scales and detectors). We systematically check the compliance and effectiveness of our systems as part of the internal audit program: the PAS program (Active Self-Control Program) or the GEMBA Walk (weekly structured production visits focused on conversations with employees).



Supply quality control

The delivery quality team cooperates with suppliers, and is responsible for acceptance and control. They also conduct audits confirming compliance with the requirements of GFSI (Global Food Safety Initiative) standards.

In 2021, our experts performed approximately 60 audits of permanent suppliers and approximately 50 audits of potentially new suppliers. The requirements that we set for our partners are aimed at assuring our customers that E. Wedel products are of the very highest quality, and that the production process meets the guidelines as set out by the international GFSI standards.



2. Taking pleasure in our development

2.2.2. Using raw materials of the highest quality

od 1851
E. Wedel

The concern for the highest quality and unique taste of the products is the priority of LOTTE Wedel. The brand's focus on quality and food safety at every stage of production dates back to the times of Jan Wedel, who not only stringently oversaw sanitary conditions in the factory, but also personally tested samples from each batch of beans.

We are aware of the responsibility that rests on our shoulders. Which is why we pay a lot of attention to our raw materials. Before selection, we carefully check all raw materials in accordance with internal guidelines. The decision to purchase further depends on the results of documentation control, technological tests and/or laboratory tests. After acceptance, checks are still carried out depending on the level of risk that the raw material may pose, or the requirements that it should meet depending on the intended use.

Our raw materials come only from trusted and proven suppliers. Each batch of raw material delivered to the plant is controlled, and the supplier is obliged to attach a quality certificate to each delivery. Our requirements and procedures are aimed at ensuring compliance with legal requirements and specifications. Throughout the production process, we follow the established internal policies, incl. Book of Hygiene, Book of Food Protection, HACCP Plan, and procedures and instructions for operational processes.

At LOTTE Wedel, we do not use genetically modified raw materials.

Cocoa is our main raw material. It is thanks to carefully selected cocoa beans imported from Ghana that Wedel's chocolate has a characteristic, original taste. We chose these beans because cocoa from this region is characterised by a strong chocolate flavour and a well-balanced proportion between bitter, sour and tart notes. When purchasing beans, we work only with trusted suppliers who meet high quality standards, while working for sustainable cocoa cultivation.

The raw material supplied from Ghana is assessed by a sensory panel. This is a group of skilled people who determine the degree of acidity, bitterness and flavour intensity of the cocoa mass. This method of evaluation guarantees that the chocolate used in the production of our assortment has a deep chocolate flavour.

In order to become a LOTTE Wedel supplier, the applicant company must successfully pass what is a stringent qualification process involving compliance with our standards. Only selected suppliers who ensure the highest quality are able to meet our requirements; and will enjoy a long-term partnership with Wedel. Nowadays, with rising prices and the risk of non-delivery, long-term partnerships have proven to be particularly important; as they have allowed us to work out solutions together, while maintaining the highest quality of supplied raw materials.

GRZEGORZ SOSNKOWSKI
DIRECT PURCHASING MANAGER



2. Taking pleasure in our development

2.2.3 The social and environmental aspects of the supply chain

102-10, 103-1, 103-2, 103-3, 308-1, 414-1

At the initial stage of cooperation, all Wedel contractors receive the “Code of Conduct” document, specifying, inter alia, rules of conduct in social and environmental areas. By signing the contract, they agree to comply with applicable law and due diligence.

By signing the contract and confirming the application of Wedel's “Code of Conduct”, the contractor undertakes to:

- comply with regulations aimed at counteracting unfair competition, as well as protecting consumers and competition in all business relations,
- comply with the law and standards relating to environmental protection, as well as respecting the interests of the local community,
- act in a responsible and sustainable manner and eliminate the potentially negative impact of activities on the environment,
- fulfil social obligations also by taking proactive initiatives for the community and the environment.

At Wedel, there are currently three areas that involve cooperation with our suppliers:

- ① **direct purchases - the area responsible for all key suppliers and purchases such as raw materials - cocoa, oil, etc.,**
- ② **indirect purchasing - an area responsible for cooperation with agencies, office maintenance and other similar services,**
- ③ **co-production - the area responsible for projects carried out with other producers and licenses (e.g. donuts, ice cream, etc.).**

The co-production team launched a supplier survey with questions on both environmental and social issues. In 2021, however, the team did not sign any new contracts with suppliers and contractors.

The remaining teams responsible for direct and indirect purchases are working on implementing such a survey for supported suppliers by the end of 2022.

Partnership and trust-based business relationships underpin dynamic development in each industry; while positively influencing financial results and bottom lines. Over the course of 20 years partnering with Wedel, we have managed to keep pace with their development by introducing appropriate optimisations and improvements in logistic and value-added services. We care not only about the efficient and safe storage and transport of products, but also about the implementation of goals that are important to both parties, such as caring for the environment. This is reflected in jointly developed and consistently implemented pro-environmental solutions. Having a partner like Wedel, who views business in a similar way, has helped us to envisage a sustainable path for the years ahead.

RAFAŁ WOŹNIAK

POLAND OPERATIONS DIRECTOR, FM LOGISTIC



2. Taking pleasure in our development

2.3. Marketing policies related to the customer

103-1, 103-2, 103-3, 416-2 417-3

One of the key values in the company's organizational culture is encapsulated by the phrase: "I focus on the customer". The customer is understood a bit more broadly, as the addressee - the recipient of internal activities (between departments, employees), as well as external ones; therefore it is the entire environment of the organization, including the final recipients of products, i.e. consumers. The customer is the most important to us - that's why we think about them when creating our unique products, and when promoting our confectionaries.

The main platform for interaction with consumers is marketing and point-of-sale communication. For years, Wedel has been establishing and introducing new standards of responsible marketing in close cooperation with business partners. Since September 2019, our company has been operating in accordance with the standards of the SAR White Book of the Marketing Communication Industry. It is a document that establishes restrictive tender standards and rules of cooperation with suppliers of marketing services. Wedel thus undertakes to engage in partner cooperation with contractors, a cooperation that harnesses mutual communication, exchanges of knowledge and experience, and one that always looks for solutions in the event of any difficulties in the implementation of good practices.

In the FMCG sector, marketing campaigns play an important role, and in the case of confectioneries, responsible activities in this area are essential, especially in the context of the young consumers - children under 12 years of age. In response to these challenges, in 2021 we adopted the "E. Wedel Code of Communication Practices", which regulates the brand's communication activities in all channels, taking into account sensitive topics and cooperation with partners, the media and consumers. The company conducts training courses on the applicable guidelines. These courses are not only attended by the Marketing Department, but also by all agencies cooperating with Wedel in the area of communication and marketing.

In 2021, we did not record any cases of non-compliance with the guidelines on marketing communication or non-compliance with the regulations regarding the impact of products and services on the health and safety of customers.



2. Taking pleasure in our development

2.3. Marketing policies related to the customer

Advertising and marketing

We operate in accordance with the principle of fair play: we do not create content that is discriminatory, offensive or deprecating of the competition. We also do not cooperate with partners who spread hate speech, or discriminate against others on the basis of their religion, gender, age, disability, lifestyle choice, sexual orientation or membership of a minority group.

Advertising and children

The concern for the well-being of children and their protection is an absolute priority. In the marketing of E. Wedel's products, we undertake to take into account not only the generally applicable provisions of law, but also the principles of advertising aimed at children and adolescents contained in the Code of Ethics in Advertising.

Our ads are not targeted at children under the age of 12, so we do not show children under that age eating sweets; nor do we employ children as spokespersons or brand ambassadors. We limit the presence of our advertisements in children's blocks and programs aimed at the youngest viewers. We do not show spots with children's programs, family movies or fairy tales - both on television and in the cinema.

Information about the product

As a responsible producer, Wedel transparently informs consumers about the ingredients and nutritional value of its products. We pay particular attention to the fact that the marking of confectionaries is legible (we use appropriate sizes and contrasting colours of signs) and understandable for consumers. All the content we create complies with the regulations and aims to provide the best possible information about our products.

The most important ingredients used in Wedel products are presented in more detail in a dedicated tab on the website www.wedel.pl. Here consumers can learn about the applied quality and safety standards, as well as the special requirements we place on suppliers. We also conduct responsible, transparent communication about confectionaries containing alcohol. We clearly inform about the presence of alcohol on product labels, which allows consumers to make informed purchasing decisions. In addition, we do not engage in the marketing of products with alcoholic content to minors.

Information available to all

Wedel, as a diverse organization, strives for an inclusive approach at all levels. As part of the next step towards inclusion, the company implemented changes on its website www.wedel.pl, thanks to which it ensured easier access to content for people with visual impairments and other disabilities.

The website has been audited by the Widzialni Foundation. The report prepared after the audit indicated specific actions that should be taken so that the website accorded with the guidelines of the WCAG 2.1 standard, including in the area of visibility (improving the interface, adding alternative texts to all photos and graphics), functionality (facilitating navigation, using headers and labels with one and unambiguous description), comprehensibility (informing the user about opening a new element) and solidarity (adjusting the way of published content so that they are effectively interpreted by various types of software and assistive technologies).

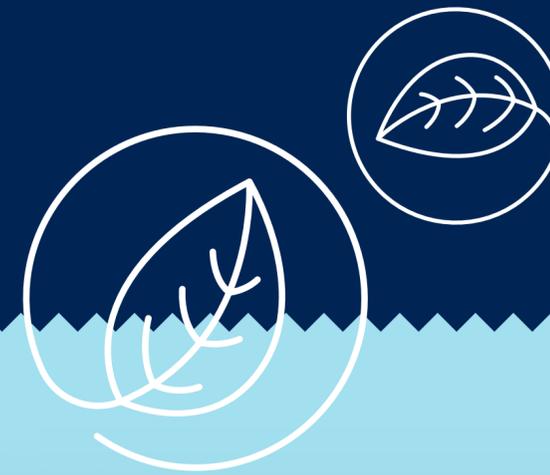
After the implementation of the guidelines, the website www.wedel.pl and its subpages meet the requirements of WCAG 2.1 at the AA level in 86% (62% before the changes). As a result, it is available to a larger audience, including people with special needs.

od 1851
E. Wedel

3. TAKING PLEASURE IN NATURE

3. Taking pleasure in nature

102-11



od 1851
E. Wedel

Wedel always looks to implement measures limiting the impact of the company's business activities on the natural environment, such as through its rational waste management, its responsible sourcing of raw materials, and its increasing of efficiency at all stages of production.

In line with one of the strategic goals of LOTTE Wedel's CSR Strategy, from 2020 the company uses only electricity obtained from renewable sources (RES). As a result, all production and all other processes at the plant and headquarters are powered by wind farm energy.

Wedel also carries out its care for the natural environment by supporting partner projects in the public space. One such project has been the revitalization of the Polish-German Gardens (from 2016) located in Warsaw's Skaryszewski Park, which is adjacent to the company's headquarters.



3. Taking pleasure in nature

3.1. Using sustainable materials

103-1 (301), 103-2 (301), 103-3 (301), 301-1

In our daily activities, we pay special attention to the use of high-quality materials and environmentally friendly raw materials. We are also aware that ethical production and its impact on the environment are aspects of increasing importance to informed consumers, as well as employees themselves.

Materials and raw materials used for production and packaging by weight or volume

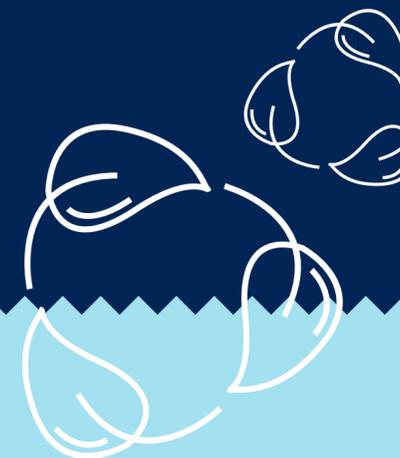
	Materials / non-renewable resources	Materials / renewable resources
	Masa [t]	Masa [t]
Raw materials (natural resources converted into products or services)	0,2	37 758,57
Related process materials (materials needed for the manufacturing process but not part of the final product)	0,05	0
Semi-finished products, including all types of materials and components, other than raw materials, that make up the final product	6,67	0
Packaging materials	1 660,62	5 187,53
Amount of consumed raw materials and materials	1 667,54	42 946,10
Total amount of raw materials and consumables used [t]	44 613,64	



3. Taking pleasure in nature

3.1. Using sustainable materials

103-1 (301), 103-2 (301), 103-3 (301), 301-2, 301-3



Processed starting materials used

Total weight or volume of materials used [t]	44 613,64
Mass or volume represented by the processed starting materials [t]	28 243,92
Percentage of recycled starting materials used	63%

Recovered products and packaging materials

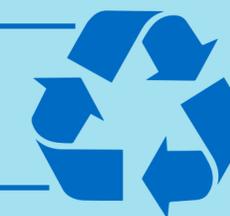
Products sold in the reporting period [t]	5 044,22
Products and their packaging materials recovered in the reporting period [t]	2 484,74
Percentage of recovered products and packaging materials	49%

LOTTE Wedel focuses on activities aimed at introducing an effective circular economy, the main aspects of which are the production of sustainable packaging, the reuse of raw materials and an increased recycling of packaging waste. Our goal is also to efficiently manage the transport of product packaging so that it can be reused as much as possible.

Table 301-3 shows the amount of packaging that was placed on the market together with the products and the weight of recovered and recycled packaging waste. The weight of all packaging that was placed on the market together with our products is 5,044,216 tons. The weight of the packaging that has been recovered and subjected to the recycling processes required by law is 2484.74 tons, therefore it is a recycling of 49% of the products introduced in the packaging.



In 2021, we recovered 49% of products and packaging materials.



3. Taking pleasure in nature

3.1. Using sustainable materials

103-1, 103-2, 103-3, Custom index 1



We look at the raw materials we buy and, in accordance with our CSR Strategy, we consider their sustainable origin. We try to select the highest quality raw materials and successively introduce their certification in accordance with international standards.



Cocoa

When buying cocoa raw materials (cocoa powder, cocoa mass or cocoa butter), we only work with trusted suppliers who meet high quality standards, while working for sustainable cultivation and supporting local communities. We are prepare for certification in accordance with the Rainforest Alliance standard, which is a confirmation of the application of responsible business practices in the company and an expression of commitment to a sustainable supply chain.



Palm oil

We joined the organization of RSPO (Roundtable on Sustainable Palm Oil) as a member in 2019, together with five other companies of the LOTTE group. Since then, we have started intensive preparations for the replacement of palm oil with a certified raw material and for the certification of our factory in accordance with the RSPO principles.

In 2020, we started purchasing RSPO-certified palm oil and by the end of 2021 we managed to provide 99.9% of raw materials and semi-finished products with certified palm oil. In 2021, we successfully passed the certification audit. As part of the planned internal activities, we conducted an educational campaign for our employees on oil certification. RSPO certification is a response to the environmental problems (such as the destruction of rainforests for crops) and ethical problems related to improper working conditions on plantations.

We are also a founding member of the Polish Coalition for Sustainable Palm Oil. The coalition has set itself the goal of achieving 100% certified palm oil in Poland by 2023.

In response to the global environmental challenges we are facing, food producers need to be even more concerned with the supply chain and the sourcing of raw materials. Since 2019, this same concern has been a pillar of the Polska Koalicja ds. Zrównoważonego Oleju Palmowego (Polish Coalition for Sustainable Palm Oil) - an independent organization, of which Wedel is one of the founding companies. The strategic goal of the coalition is to achieve a level of 100% sustainable palm oil in Poland by 2023... at the latest. Sustainable palm oil is key to reducing the overexploitation of tropical forests. By active participation in industry advocacy and engagement in education, we at Wedel are looking to make the sector aware of its accountable role.

MAGDALENA WIECZERZYŃSKA

WWF POLSKA, A MEMBER OF THE COALITION FOR SUSTAINABLE PALM OIL



Eggs

In line with the adopted commitment, Wedel intends to abandon the use of battery eggs for the production of its products by 2025. The aim of this development is to improve the welfare of farm animals, as well as to further improve the sustainable supply chain.

3. Taking pleasure in nature

3.2. Using green energy

103-1 (302), 103-2 (302), 103-3 (302), 302-4

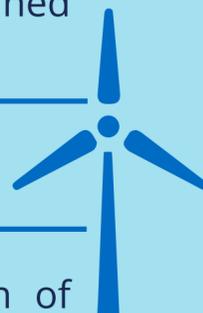
Climate change is one of the most important global challenges today. Our goal is the responsible management of the impact on the natural environment and undertaking long-term ecological initiatives. The switch to purely renewable energy is one such step as a part of our CSR strategy and climate action in line with global sustainable development goals.

As of 2020, Wedel's factory and office, located in Warsaw's Praga district, are powered by electricity from renewable sources.

The contract concluded with Tauron guarantees the origin of the supplied energy in 100% from wind farms, confirmed by a certificate issued by the Polish Energy Certification Society (PTCE).

The agreement confirms that Wedel is the only recipient of the specified volume of energy and that it is generated in a specific, renewable source, at a strictly defined time.

In 2021, thanks to the use of green energy, we reduced the emission of carbon dioxide into the atmosphere by almost 12 000 tons.



At the factory, there are also activities aimed at reducing the consumption of electricity, gas, steam, water, hot utility water and technological heat: POM (Media Savings Program), energy audits under the Energy Law Act, audits of compressed air installations, the control and replacement of thermal insulation, planning the shutdowns of air-conditioning systems, flushing heat exchangers, and replacing lighting with LEDs (during the modernization of the central office).



Built in the times of Jan Wedel, the factory in Kamionek has been the beating heart of the company for nearly 90 years. In accordance with the imperatives of the developing business, we have adapted Wedel's factory to the needs of our employees; as well repurposing it in order to align with gold-standard environmental requirements. During renovations, which began in earnest in 2020, we paid special attention to environmentally friendly solutions, including the incorporation of energy-saving installations, such as LEDs, motion sensors, non-contact batteries in kitchens and toilets, installation parameters, and waste segregation. Concern for the natural environment remains a key Wedel postulate, and is reiterated by our employees at every available forum.

BLANKA PABISIAK
ADMINISTRATION AND FLEET MANAGER



3. Taking pleasure in nature

3.2. Using green energy

103-1 (302), 103-2 (302), 103-3 (302), 302-1, 302-4

At the tender stage we are involved in a project to install photovoltaic devices, of which the estimated energy yield will be approx. 40 KWp.

Currently, the factory does not have a comprehensive media monitoring system for individual areas (a CAPEX project is planned). Therefore, the exact savings generated by corrective actions in 2021 cannot be determined.

The energy awareness of our employees is one of the most important elements of the educational activities undertaken in the company (campaigns on energy consumption and the methods of reducing energy consumption are carried out (articles, competitions, etc.).

Total energy consumption in 2021 r.

Natural gas [GJ]	54 904,00
Electricity (100% wind energy) [GJ]	67 264,51
Thermal energy (100% hydro energy) [GJ]	17 012,00
Total consumption [GJ]	84 276,51
Total energy consumption within the organization [GJ]	139 180,51



3. Taking pleasure in nature

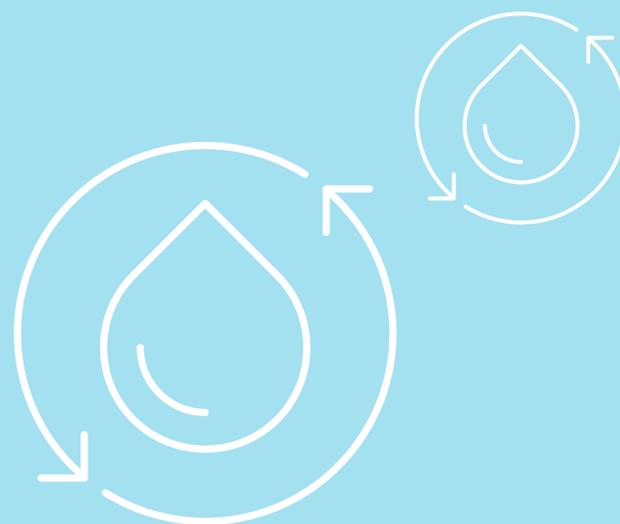
103-1 (303), 103-2 (303), 103-3 (303), 303-3, 103-1 (305), 103-2 (305), 103-3 (305), 305-1, 305-2



3.3. Our reduced use of water

The LOTTE Wedel plant has been running the Media Savings Program for many years, which encourages employees to jointly take action on the issue; educating and gathering inspiration for implementation. Where possible, a closed water cycle is introduced, and elsewhere, technologies are used to reduce water consumption. Reducing the impact on the environment is an ongoing process at LOTTE Wedel.

In 2021, Wedel utilized a total of 68,344 megaliths of water. It was entirely water from the Warsaw municipal water supply (MPWiK).

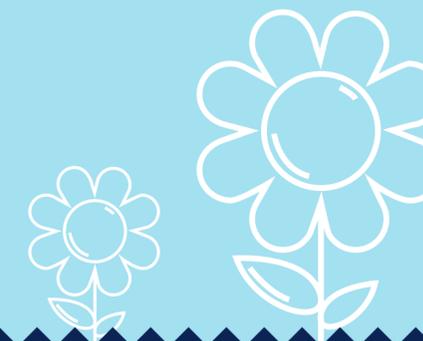


3.4. We are lowering emissions

At present, we do not fully measure either our greenhouse gas emissions or our possible reductions in this regard. In 2022, however, we will create a CO₂ emission monitoring system.

We are also implementing a project aimed at defining the main indicators and activities contributing to the reduction of greenhouse gas emissions (CO₂, CH₄, nitrous oxides, etc.) in accordance with the guidelines of the GHG Protocol. The start of the monitoring and reporting of the impact of our activities on reducing our carbon footprint is scheduled for 2023.

As a pilot solution to reduce emissions at different stages of the supply chain, we initiated cooperation with one of our customers and our main logistics operator, which will be part of a comprehensive reduction strategy in the coming years.



3. Taking pleasure in nature

3.5. On a path to zero waste

103-1 (306), 103-2 (306), 103-3 (306), 306-1, 306-2

Wedel has an internal document called “Waste Management”, which regulates proper waste management and minimises the amount of waste generated at the Wedel plant. It also defines the scope of responsibility at every stage of activity, both internally and externally.

It is worth noting that we also make every effort to protect expired products or products that require disposal in a way that guarantees that they will not end up on the secondary market.

In addition, in order to reduce the amount of waste generated, some raw material packaging is used to store waste - e.g. in big-bags, in which we receive the raw material, waste is stored in the form of empty chemical packaging, and raw material barrels are used for the storage of semi-liquid raw material waste.

Currently, 28% of all chemical packaging is returned to the supplier, making it possible to reuse it.

In everyday production, stretch film is used to protect the finished product. In order to reduce the amount of waste generated, the cores on which the film is wound are returned to the supplier and reused. Products and materials that have not lost their functional properties are sent for sale to employees.



The largest groups of waste generated as part of Wedel's business are:



effluent from raw materials and semi-finished products that arise as a result of a failure to meet quality requirements. Such waste may consist, for example, of products having an unsuitable mass (not in accordance with the specification). In order to reduce the amount of generated waste, the semi-finished products are recycled for re-production.



plastic waste, which constitutes packaging for a finished product that does not meet the quality requirements. In order to reduce the amount of waste, packaging machines are regulated and periodically inspected. If the packaging is not used, it is recycled by specialised companies.



waste in the form of cardboard and paper, which arises as a result of unpacking raw materials and packaging. 100% of the waste generated in this way is recycled.

3. Taking pleasure in nature

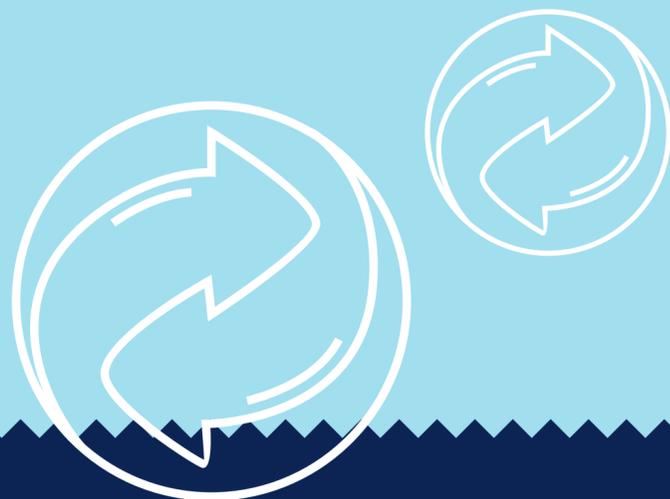
3.5. On a path to zero waste

103-1 (306), 103-2 (306), 103-3 (306), 306-1, 306-2

In order to achieve the zero waste goal, the entire plant is engaged in waste segregation, with five divisions introduced throughout the company. Litter bins are marked with appropriate colours and icons, which makes it easier for employees to segregate correctly. The rules of waste management are to be found in cyclical educational campaigns, competitions, and trainings and workshops conducted by the Recovery Organization, which cooperates with the company.

We also engage in activities educating our consumers about proper segregation. Through an organization dealing with the recovery of packaging, we conduct special educational campaigns in kindergartens, the aim of which is to teach children from an early age the correct attitudes and principles of recycling.

In the production area, regular self-audits and monthly audits are carried out, and the percentage of waste reduction has been introduced as a bonus target for a selected group of employees.



In addition, in the spirit of the company's desire to produce as little waste as possible, we carry out such activities as:

the wide segregation of waste and transfer of maximum amounts for recovery

the constant search for alternative recipients of waste, who will ensure recycling, and new ways of their use

the reduction of waste generated in production; involving continuous work and the ongoing monitoring of waste indicators

reusing useful waste (e.g. wafer scraps, i.e. a crushed wafer added to a Bajeczny bar)

continuous efforts (Kaizen) at reducing the consumption of raw materials, both for production and packaging, as well as securing transport in logistics

the use of reusable plastic pallets

the re-use of some waste

the re-use of electronic components obtained from damaged / unused machines and devices on the premises of the plant

visualisations on the premises of the plant raising levels of knowledge about waste, training for employees conducted several times a year

3. Taking pleasure in nature

3.5. On a path to zero waste

306-3, 306-4, 306-5



In 2021, the total mass of waste generated was **1483,16 t**

It was divided according to their composition into:

Hazardous waste	5,99 t
Non-hazardous waste	1477,18 t

The total mass of waste submitted for disposal in 2021 was 214,68 [t].

Utilization method for hazardous waste	Masa [t]
Incineration (with energy recovery)	4,86

Utilization method for non-hazardous waste	Masa [t]
Incineration (with energy recovery)	195,27
Other utilisation methods	14,55
Total mass of non-hazardous waste sent for disposal	209,82

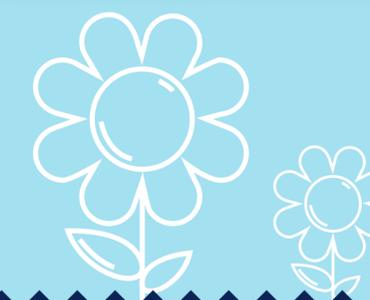
All waste is utilized off-site.

The total mass of waste recycled in 2021 was **1268,48 t**

A method of recovering hazardous waste	Masa [t]
Preparation for re-use	0,86
Recycling	0
Other recovery methods	0,26
Total mass of hazardous waste recovered	1,12

Non-hazardous waste recovery method	Masa [t]
Preparation for re-use	11,90
Recycling	661,56
Other recovery methods	593,9
Total weight of non-hazardous waste recovered	1267,36

All waste is recycled off-site.



3. Taking pleasure in nature

3.6. Embracing biodiversity

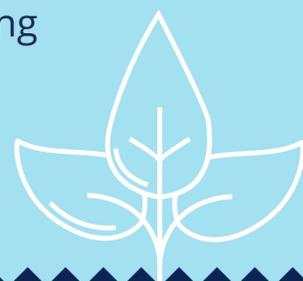
Custom index 2

The environment is one of the three pillars of Wedel's CSR Strategy, under which the company initiates and engages in local ecological projects. The vicinity of Skaryszewski Park, which is a sanctuary for many animal species, is an additional motivation for Wedel to undertake activities aimed at the protection of the ecosystem.

The company is a patron and one of the sponsors of the "Polish-German Gardens" project, under which part of the Skaryszewski Park was revitalised. The surface of the paths were renewed, and the hand pump was regenerated. What is more, the area was equipped with aesthetic wooden benches from certified plantations. The largest swing in Poland is to be found in the part of the park called „Ogród do Nieba” (Garden to Heaven).

Since 2017, there has been an apiary on the roof of the factory, in which about 400,000 bees live in 8 hives. The apiary is looked after by the youth from the local association „Serduszko dla Dzieci” (A Special Heart for Children), which has been cooperating with Wedel for many years. For this association, it is a way of teaching in practice not only about nature, but also about entrepreneurship.

From 2020, there are also 35 nesting boxes for swifts and kestrels on the facade of Wedel's headquarters. These structures allow the birds to safely nest without the risk of losing their brood. They were created in cooperation with an ornithologist responsible for choosing the right type of boxes and the place of their installation. In 2021, on the occasion of the Great Bee Day, we built two hotels for pollinating insects in Kamionkowskie Błonie Elekacyjne, in the vicinity of the Wedel factory.



Hotels 180cm high provide shelter and the possibility of building nests for various types of pollinators, e.g. wild bees (mason bees, clammers), as well as golden-eyed, butterflies and flies. Thanks to these insects, we can enjoy the diversity of plants, as they all pollinate flowers, just like the honey bee. In addition, ladybirds and earwigs have also been able to settle in the hotels.

The company's employees have undertaken pro-environmental actions, including the TrashTag Challenge. In 2021, 104 employees took up the challenge and ended up collecting a total of 150 bags of rubbish. Also, under the grant program „Wedel od Serca” (Wedel from the Heart) (more about it in subsection 5.2), many employee projects have been ecological activities, such as the construction of houses for hedgehogs in the Skierniewice Forest District.



3. Taking pleasure in nature

3.7. We operate in accordance with environmental laws

103-1 (307), 103-2 (307), 103-3 (307), 307-1

One of Wedel's main values is "I am liable". It applies not only to every one of our employees individually, but also to the company as a whole. Our activity complies with all legal requirements (both Polish and European) also within the environmental sphere.

An environmental policy has not yet been introduced in the organization. We rely on the obtained permits (integrated permit and water permit) in the field of environmental protection. Waste handling instruction has also been introduced, which is discussed in more detail in **subsection 3.5**.

In order to measure the effects of compliance with environmental regulations, regular measurements of the emission of pollutants into the environment and measurements of sewage discharged into the sewage system are carried out. Risks related to compliance with environmental regulations have not been identified.

In 2021, the total amount of significant fines for non-compliance with environmental laws and regulations was 40 541,26 PLN.



3. Taking pleasure in nature

3.8. Our environmentally friendly packaging

Custom index 3



Out of concern for the natural environment, we are planning to introduce changes in the area of packaging: we are looking for new raw materials, optimizing the composition and weight of packaging, and changing the method of collective packaging. In all activities, of course, we take into account the highest quality of the product, its durability (shelf life), and the specific requirements for the products.

Creating the most environmentally friendly packaging is a challenge of great importance for Wedel, reflected in our ambitious and comprehensive eco-packaging program, which is included in the CSR strategy and which defines environmentally friendly packaging as recycled or recyclable:

-  they are recyclable (assuming the introduction of appropriate infrastructure in the area of their use in Poland),
-  they contain recyclable material.

These are packages with optimised weight - i.e. the lowest possible weight, with layers to the minimum necessary in order to maintain the shelf life of the product.



The eco-packaging program aims to introduce by 2025 100% recyclable packaging in 85% of E. Wedel brand products.

The aim of the eco-packaging project is to obtain recyclability for a minimum of 70% by weight of Wedel plastic packaging placed on the market from 2025 onwards. Our ambition is also to obtain a 50% share of recycled material in the entire volume of our plastic packaging. This goal will depend on the infrastructure in the places where we place our packaging on the market.

The eco-packaging project addresses issues such as the elimination of plastics and paper certification. The second major initiative is the harmonization of packaging, which aims to reduce paper consumption, logistics costs and related CO₂ emissions to the atmosphere.

An example is the packaging of Wedel bars Na Dobre, which, under the eco-packaging program, are delivered to stores in collective cartons with the FSC (Forest Stewardship Council) certificate - confirming the use of raw materials obtained from responsibly managed forests for their production; protecting the natural ecosystem and the attendant benefits for the local community and employees. The packaging of Na Dobre bars is made of recyclable materials and should be disposed of in a plastic yellow container

3. Taking pleasure in nature

3.8. Our environmentally friendly packaging

Custom index 3

The status of introducing eco-packaging for 2021:

Plastic: 6% of the film is made of palletizing films and shrink films (LDPE) - a material that is recyclable. Correctly placed into the right bin, they will be sorted and sent for reprocessing. These films meet the criteria for packaging in a circular economy. In this approach, they pollute the environment less than, for example, small foil for bars or chocolates.

Paper: **90%** of the paper is all packaging that does not contain film or metallization additives.

A plan to introduce eco-packaging over the next five years:

The program implemented in this area assumes an achieving of the level of 70% of environmentally friendly packaging. It will be possible thanks to the change of the material of the moulding and foil in Ptasia Mleczko® marshmallow and the chocolate foil (removing metallization, reducing weight).

We will achieve an 18% reduction in the weight of plastic packaging by reducing the weight of the tray and the Ptasia Mleczko® marshmallow foil by approximately 30% and the weight of the foil for chocolates by approximately 20%.

Currently, intensive works are being carried out on production trials and storage tests, aimed at selecting the most optimal solution. We are also analysing regulatory guidelines in this area on an ongoing basis so as to best adapt all implemented changes.



od 1851
E. Wedel

4. TAKING PLEASURE IN WORK

4. Taking pleasure in work

103-1 (401), 103-2 (401), 103-3 (401)



“Our recipe is people” is the company's slogan, which represents a continuation of our long-standing legacy as a responsible employer; and at the same time our implementation of modern solutions contributing to the creation of a work environment in which everyone feels included.

In the 21st century, we have looked to draw on the values established by Wedel's founders. We are inspired by their approach to HR matters and organizational culture, as well as their views on internal relations. Sensitivity to employee issues, so characteristic of the Wedel family, is reflected in our empathetic and friendly work environment.

Our efforts to care for the well-being of our employees, supporting them in their development and in their private sphere, are mirrored in the return rates after parental leave and the general retention rates, of which in 2021 amounted to 100%.



We are distinguished by our unique combination of tradition and modernity. We are also 'employee, client and partner' focused; and are always looking towards continuous development. We endeavour to make sure that our values are visible in our daily activities, where ideals like "I question the status quo", "I take responsibility" or "I ensure quality", remain the driving force. The correctness of this approach is fully supported by our employees, who are committed to the company. Indeed, the fact that Wedel won the prestigious Top Employer in 2021 is a source of great pride for us all.

INGA PYD

HR AND ADMINISTRATION DIRECTOR



4. Taking pleasure in work

401-3



	Women	Men	Total
Number of employees who were entitled to parental leave from 01/01/2021 to 31/12/2021	46	19	65
Number of employees who took parental leave from 01/01/2021 to 31/12/2021	46	-	46
Number of employees who returned to work from 01/01/2021 to 31/12/2021 after taking their parental leave	18	-	18
Number of employees who returned to work after parental leave between 01/01/2020 and 31/12/2020 and were employed for at least 12 months	12	-	12
Number of employees who returned to work after parental leave in 2020	12	-	12
Back to work indicator	39,13%		39,13%
Employment retention rate	100%		100%

Wedel supports people returning to the company after maternity leave – with positions and conditions not lower than before their taking of parental leave. The company supports these employees in their new life roles by making working time more flexible, with guide materials, or with child benefit programs.

4. Taking pleasure in work

4.1. A recipe for success: diversity and cutting-edge solutions

102-8, 102-41, 103-1 (405), 103-2 (405), 103-3 (405)

The diversity in Wedel dates back to the times of the founders and their pioneering ideas, incl. employing women in the organization as early as the 1920s, when confectionery was a typically male profession, and sweets were produced almost exclusively by men. Wedel is a company that has diversity in its DNA - we want everyone to feel welcome and equally important here. This approach is mirrored in our employment structure in terms of gender and age, and the differentiation made in terms of experience and competences, all of which encompass the areas of production, sales and office.

Total number of employees broken down by employment type and gender	2021		
	Women	Men	Total
Full time	569	649	1 218
Part time	8	6	14
Total	577	655	1 232

In 2021, 59.58% of Wedel's employees were covered by collective agreements.

In Wedel, women constitute nearly half of all employees, also in managerial positions. By the end of 2021, two women sat on the six-person management team. The intergenerational exchange of experiences has been possible thanks to the diversity of the workforce in terms of age: currently 47% of employees are those between 40 and 60 years of age, 20% are those under 29, and 4% - those born before 1960.



4. Taking pleasure in work

4.1. A recipe for success: diversity and cutting-edge solutions

401-1



Total number of new employees broken down by gender and age	Women	Men	Total
Under 30	17	31	48
From 30 to 50 years old	25	34	59
Over 50 years old	3	3	6
Total	45	68	113
Hiring rate	9%	10%	9%

Total number of employees leaving by gender and age	Women	Men	Total
under 30 years old	13	40	53
from 30 to 50 years	21	55	76
over 50 years old	15	9	24
Total	49	104	153
Employee turnover	8%	16%	12%



4. Taking pleasure in work

4.1. A recipe for success: diversity and cutting-edge solutions

405-1



Percentage of employees belonging to the organization's governing entities;

Management Board	Women	Men	Total
under 30 years old	0%	0%	0%
from 30 to 50 years	0%	60%	60%
over 50 years old	0%	40%	40%
Total	0%	100%	100%

Percentage of employees belonging to the following categories

Senior management	Women	Men	Total
Under 30	0%	0%	0%
From 30 to 50 years old	37%	41%	78%
Over 50 years old	6%	16%	22%
Total	43%	57%	100%



4. Taking pleasure in work

4.1. A recipe for success: diversity and cutting-edge solutions

401-1



Middle management	Women	Men	Total
Under 30	5%	0%	5%
From 30 to 50 years old	37%	44%	81%
Over 50 years old	5%	10%	15%
Total	47%	53%	100%

Other employees	Women	Men	Total
Under 30	9%	12%	21%
From 30 to 50 years old	26%	30%	55%
Over 50 years old	12%	11%	23%
Total	47%	53%	100%



4. Taking pleasure in work

4.1. A recipe for success: diversity and cutting-edge solutions



od 1851
E. Wedel



Wedel is a company that employs people of all ages, including representatives of the 4th generation. We are aware that each of us is different, but together we have created a unique whole. By working together, we learn from each other, and our different perspectives allow us to develop better, apply ourselves more effectively, and arrive at innovative solutions for the benefit of the organization. Our great pride is the average employment span in Wedel, which is 11 years, indicating that our values and approach make us an employer worth working for and investing in.

EWA SOKOLIK
RECRUITMENT MANAGER



An important element in building diversity is an inclusive approach to all groups at risk of professional exclusion, including people with disabilities. As part of the „**CzekoSprawni**” program, the company has brought people with disabilities into the workforce, enabling them to develop and flourish within its structures.

In order to support such a culture of inclusion, the organization has a grassroots group called „**Mieszanka Wedlowska**” (Wedel Assortments), which undertakes a number of activities to promote diversity, equality and counteract discrimination.

Another key aspect of building a culture of diversity at Wedel is caring for employees' sense of their own influence and impact. To this end, we look to be open to the voice of employees and encourage them to express their opinions on important issues such as: internal communication, benefits, work organization and office space or, recently, in 2021 - the 170th anniversary celebrations.



4. Taking pleasure in work

4.1.1. For Diversity and Inclusion „Mieszanka Wedlowska” (The Wedel Assortment)

In 2021, on the initiative of employees, the Group for Diversity and Inclusion was established, with a name referring to the iconic Wedel - „Mieszanka Wedlowska” chocolate covered candies. The team, composed of representatives of various departments, initiates projects popularizing the topic of diversity in the company.

Thanks to the team’s efforts, a number of activities have been undertaken, described in the following subsections (Declaration of Diversity, Diversity Charter, „CzekoSprawni”), and the following other activities have been carried out:



an employee questionnaire on discrimination



a series of ethical trainings



a discussion about feminatives in the names of positions (introducing changes in e-mail footers, job advertisements, educational campaign on this subject)



educational campaigns on the occasion of Rainbow Friday and the International Day of People with Disabilities



preventive actions on the occasion of Rose October and Movember



Our jubilee year, 2021, was exceptional when it came to Wedel's demonstration of its approach to diversity. Initiatives, both top-down by the employer and bottom-up by employees, came from all areas of the organization. Having a sense of our influence and agency, we at Wedel always look to implement original ideas in areas that are important to us. To this end, we have created an inclusive culture. The activities of the Diversity and Inclusion Group, the so-called „Mieszanka Wedlowska” (Wedel Assortments), have done much to demonstrate that diversity represents added value at every turn.

KAMILA LUTTELMANN
DIRECTOR FOR LEGAL AND COMPLIANCE



4. Taking pleasure in work

4.1.2. Declaration supporting Diversity and Inclusion

On the initiative of the Diversity and Inclusion Group, in December 2021, the company's management team adopted the "Declaration of Diversity and Inclusion", which sets out the company's principles and values.

At the same time, it represents an obligation to respect and support diversity on a daily basis, so that every person in the company feels comfortable being themselves.



Click and see!



The Declaration also defines the values we see in diversity – which means:

- ① **We are different from each other. And that's good!**
- ② **We are human. Above all!**
- ③ **We are of different ages. And we learn from each other.**
- ④ **Everyone has their own path in life. And they are implementing their plan.**
- ⑤ **We are open to people with disabilities and health crises, including mental health crises. And we show our support.**
- ⑥ **We are international. And we benefit from this!**
- ⑦ **We work in different areas of the same company. And we are all needed!**
- ⑧ **We look different, we have different lifestyles. And we accept this.**
- ⑨ **We use a language that connects. And we do not tolerate hate speech!**
- ⑩ **We react. We are not indifferent!**

The implementation of the Declaration is an expression of the company's desire 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.

The implementation of the Declaration was supported internally by an information campaign among all employees, and some employees symbolically personally read it out as part of a promotional video.

4. Taking pleasure in work

4.1.3. The Diversity Charter

The natural consequence of the above activities was the signing of the Diversity Charter by Wedel - an international initiative under the patronage of the European Commission, and in Poland coordinated by the Responsible Business Forum.

The signatories of the Charter undertook in writing to prohibit discrimination in the workplace and to create an atmosphere and organizational culture that ensures respect for diversity. In the operational dimension, this means managing equality in terms of gender and age, conducting an equal treatment policy and introducing anti-discrimination and anti-bullying monitoring. By signing the Charter the company is also obliged to conduct dialogue with employees and stakeholders, and to report annually all activities that promote diversity.



Strategic diversity management is not only a condition for reconstruction, but also a basis for the further development of business and the cohesion of societies; all the more so given the times we are living through, with a global pandemic and war in Ukraine. Today, a responsible employer is obliged to provide people vulnerable to exclusion with equal access to recruitment, and following on from this: remuneration, training, promotion and benefits. Regardless of the actions taken, globalisation, socio-cultural changes, and migrations have made work teams more diverse. Whether this will translate into individual success, organisational success or value for the whole of society, depends to a large extent on employers, and in particular their determination and commitment.

Wedel can therefore be an inspiration for employers, showing how for 170 years it has not only been drawing on the diverse potentialities of its workforce, but also promoting the values of building inclusive work opportunities and strengthening social cohesion. By signing up to the Diversity Charter, Wedel confirmed this approach, disseminating the ideal through the open involvement of Wedel management and staff.

MARZENA STRZELCZAK

**PRESIDENT OF THE MANAGEMENT BOARD AND GENERAL
DIRECTOR OF THE RESPONSIBLE BUSINESS FORUM**



4. Taking pleasure in work

4.1.4. The Program „CzekoSprawni”



„CzekoSprawni” is a Wedel initiative which aims to draw attention to the issue of employing people with disabilities through education programs; with goals focused on the real number of people with disabilities in the organization.

In the office, people with disabilities are mainly employed in the form of teleworking, while in the production area, the process of defining positions and production lines is constantly being assessed. Internal trainings are also conducted to prepare the managerial staff and entire teams for working with people with disabilities and for integrating them into the collective.

The start of the „CzekoSprawni” program was preceded by almost a year of preparations. The work was coordinated by the HR department and supported by a cross-functional team consisting of representatives from key areas of the organization - they all brought their perspective, solutions, materials, etc. The company also created a new position – a Support Specialist for People with Disabilities. This person participates in the recruitment of people with disabilities and provides the selected candidates with ongoing support when it comes to their integrational process.

In 2021, as part of the „CzekoSprawni” program:

4 people with disabilities were employed

1 new position of Support Specialist for People with Disabilities was created

12 training courses on disability were conducted for employees of departments in which the disabled person works

A „CzekoSprawni” section has been launched on the internal platform „Twój Wedel”, where you can find useful information related to the employment of people with disabilities, and other materials related to disability

On December 6, 2021, a special internal issue of the *Temperówka* magazine was published, in which the profiles of some of the employees recruited under the program were presented

On December 6, representatives of the company participated in the conference „Pełno(s)prawni w pracy” “Being fully active in the workplace”

4. Taking pleasure in work

4.2. Remunerations and benefits

405-2

The Wedel Remuneration Policy is built in such a way as to strengthen the key attributes of EVP (Employer Value Proposition), i.e. the value offer that the company addresses to employees:

PRIDE

INFLUENCE

DIVERSITY

RESPONSIBILITY

We are united by the idea that the basis of a properly conducted personnel policy is fair remuneration and the promotion of employees occupying equal positions and performing the same work, regardless of gender. We assume that the remuneration should be decent, and for a given position should be defined in a transparent manner for the entire organization. The average salary deviation between women and men is minimal, at 0.88%. Our practices in this area have been applauded on a national forum by the jury of the Lidl Fair Pay award, a prize awarded to companies who have set the best standards in terms of wage equality, employee development, promotion and career paths, regardless of their gender or religion. Such standards also focus on employees' competences and their substantive knowledge.

Ratio of basic salary and wages of women to men

Division by structure:	Female / male basic salary ratio	Female / male salary ratio
Senior management	84%	84%
Middle management	87%	87%
Other employees	101%	95%

4. Taking pleasure in work

4.2. Remunerations and benefits

We strive to create a friendly work environment, providing our employees and their relatives with a wide package of benefits that are individually tailored to needs and passions. Employees also co-decide on the non-wage benefits package, assessing it every year in a specially prepared survey and suggesting possible amendments.

In addition, in 2021, the WorkSmile platform was implemented in Wedel, setting a new direction for the development of benefits in the company. Thanks to this change, our employees enjoy a greater say on the individual offer of additional benefits (as part of employee benefits and the Company Social Benefit Fund). Every month, we top up employees' accounts with a fixed amount; and occasionally during special campaigns and competitions for employees. The collected funds can be exchanged for benefits from a wide offer, in accordance with individual needs. Through the WorkSmile platform, we also provide employees with personalised information on the value of their employment package and detailed information on remuneration, bonuses, employee benefits and other benefits.

In addition to managing benefits, the platform also gives us the opportunity to recognise and engage with employees; and also to create internal communities around common interests, which we write about below in the section on well-being programs.

Additional benefits offered to Wedel employees are related to health and the supporting of working conditions; but they also include solutions unique to our organization.

All of the above-mentioned benefits are available to people employed under a contract of employment - regardless of the number of full-time jobs and the period for which it is concluded.

Employees can also freely decide how to engage in charity initiatives and suggest the beneficiaries of material and non-material help provided by Wedel.



4. Taking pleasure in work

4.2. Remunerations and benefits

401-2, 403-6

 HEALTH ABOVE ALL ELSE	MEDICAL CARE	LIFE INSURANCE	EMPLOYEE CAPITAL PLANS	PREVENTIVE ACTIONS	AN ADDITIONAL TEST PACKAGE FOR PREGNANT WOMEN			
 WEDEL WORK SUPPORTS	CO-FINANCING FOR MEALS	DISCOUNTS ON COMMUTING	COMPANY CARS	A LOAN AND ASSISTANCE FUND	SOCIAL BENEFITS FUND	REMOTE WORK	FLEXIBLE WORKING TIME	TWO HOURS FOR THE FAMILY
	CO-FINANCING OF HOLIDAYS (THE SO-CALLED HOLIDAYS UNDER THE PEAR TREE)	FRESH FRUIT AND VEGETABLES ON SITE	EMPLOYEE VOLUNTEERING	CHAIR AND MONITOR FOR REMOTE WORK	LAYETTES FOR NEWBORNS	PARKING SPACE FOR PREGNANT WOMEN	SAFE DRIVING TRAINING	EMPLOYEE RECOGNITION AND RECOGNITION PROGRAMS
 SPORTING ACTIVITIES	CO-FINANCING FOR SPORTS CARDS	SPORTS TEAMS	FACILITIES FOR CYCLISTS, AND CYCLING PROGRAM					
 UNIQUE TO WEDEL	CHOCOLATE BENEFITS	DISCOUNTS ON WEDEL PRODUCTS	DISCOUNT PROGRAMS	JUBILEES	LEŻAK PROGRAM	ACADEMY OF JOYFUL PARENTS	TICKETS TO THE ZOO	

4. Taking pleasure in work

4.2.1. Well-being programs

403-6



Wedel has a well-being program called LeŻAk (Better Live Active), which organises cyclical campaigns to promote health prevention and research. Activities include:

cyclical massages on the premises of the company, which help to reduce potential tensions and muscle pains,

webinars on preventive health and a balanced diet,

free medical consultations on the premises of the company, including dietary, cardiological, dermatological (suspended during the pandemic),

special thematic events, such as Health Days, Movember or Pink October, during which we provide free mammograms on the company's premises (in the form of a Mammobus) and prostate tests (in the form of dedicated prostate tests).

In addition, we promote physical activity by co-financing sports cards, organizing sports challenges, monthly competitions for the athlete of the month, as well as the activities of the Wedel sports club "Rywal", which aims to integrate employees, while taking care of their physical condition. Currently, 8 sports sections operate in Wedel: football, tennis, badminton, sailing, running, indoor volleyball, beach volleyball and a bicycle section. The club's activity is

subsidised by the employer. KS "Rywal" operated in Wedel in the 1930s and has recently been reactivated on the initiative of employees.

As part of our promotion of physical activity, we count kilometres and the time spent on sports activities using the dedicated WorkSmile platform. The most dedicated employees receive rewards within the timed challenges and rankings.



4. Taking pleasure in work

4.2.1. Well-being programs

403-6

We also do not forget about people who prefer to devote themselves to other passions instead of sport. As a part of our challenges and competitions, we also organise artistic activities (e.g. an online workshop as a part of the „Ze sztuką w tle” (With Art in the Background) series, organised in cooperation with the Association of Friends of the National Museum in Warsaw) and charity organisations.

We are aware that the promotion of health and employee support is not only related to physical condition. We are equally focused on the mental health of our employees. As part of our support in this area, we provide:

psychological and psychiatric consultations as a part of medical care

webinars on managing emotions, building mental resilience, coping with anxiety, and maintaining work-life balance while working remotely

webinars dedicated to managers on topics related to providing emotional support to others and communicating in the virtual world

workshops on reducing tension and stress

a psychological support hotline for employees (launched during the pandemic)

relaxation and quiet work rooms



4. Taking pleasure in work

4.2.3 Employee programs



„Ktoś na Ciebie czeka” (Someone is Waiting for You) is an educational and motivational program that has been successfully operating in Wedel for many years and covers all those employees with company cars. Its aim is to spread awareness and knowledge about road safety among the users of the company's fleet.

Users of Wedel cars undergo cyclical training in safe driving. Since the beginning of the program, more than 600 employees have benefitted; and every year, as a way of improving their driving techniques, as many as 20 company car users complete the course.



„Akademia Radosnych Rodziców” (The Academy of Joyful Parents) is a proposal that provides special amenities for parents, so that they can function more effectively at both a professional and private level. 636 employees of the company (52% of the total number of employees) are parents, which is why Wedel gifts them with a wide range of benefits.

People expecting children can avail of pro-family benefits such as highly specialised scans during pregnancy, a parking lot for pregnant women, and a changing table. After the birth of the child, employees receive a layette (including, among others, an electronic nanny), as well as a specially created guide with information on pregnancy and other types of leave related to motherhood.

There are also thematic workshops for parents. On the occasion of Children's Day, each child under the age of 14 receives a packet of sweets and a prepaid card. On the internal WorkSmile platform, there is a group for employees called Akademia Radosnych Rodziców, which facilitates the exchange of experiences and inspirations.

4. Taking pleasure in work

4.3. Trainings and educational programs for employees

103-1 (404), 103-2 (404), 103-3 (404)

The aim of development processes in our organization is to support teams so that they can effectively implement the organization's goals arising from the adopted business strategy.

As a result of the process of identifying developmental needs, plans for the organization and individual business functions are prepared on a yearly basis.

Managers are responsible for carrying out a needs research in their teams, and then they actively prepare development plans for a given year or quarter in tandem with the Development and Training Manager and HR Business Partners. Development plans are created with real needs in mind. They are also an important part of the budgeting process.

Development processes in our organization are carried out cyclically and in a flexible manner: goals and directions result from plans, and actions and adopted methods are “tailored” to teams or groups of employees. This ensures a great variety of available forms of development.



4. Taking pleasure in work

4.3. Trainings and educational programs for employees

103-1 (404), 103-2 (404), 103-3 (404), 404-1



When designing the employee development management process, we adopted four key assumptions:

-  Systematic and process approach to development - in the process of development management, the key is the involvement of the line managers and the collective, as well as the distribution of development activities over time.
-  Identification of needs as a starting point for designing development plans - determining the expected results is the first step to selecting adequate solutions and development methods.
-  Consistent approach throughout the organization, especially relating to cultural change (in connection with the implemented transformation of organizational culture).
-  Designing a learning process based on proven models and research results as well as modern tools to strengthen the implementation of skills into practice (follow-up).

In the organization, we attach great importance to the constructive interpersonal relations between employees. We also expect our employees to be friendly, open and sensitive to the team they work for.

Leadership development is a multi-stage process that we implement through specific development programs, dedicated to managers at all management levels, and in all business areas.

Managers in key positions are subject to cyclical 360-degree assessment, during which we measure the level of the development of leadership competences, defining development areas and constructing development plans.

Average number of training hours per year per employee

Division by structure:	WOMEN	MEN	TOTAL
Senior management	16	15	16
Average management staff	21	21	21
Other employees	4	4	4
All employees	5,23	5,19	5,21

4. Taking pleasure in work

4.3. Trainings and educational programs for employees

404-2

Training and improving the competences of employees is very important to us. In 2021, we conducted a number of activities at the central level (available to all employees) and dedicated to individual functions or groups of employees.

Such trainings include:

- 🍪 Project management competence development program:
 - 🍪 Fundamentals of Project Management (Project Management Policy),
 - 🍪 Project Initiation and Planning,
 - 🍪 Leadership in project management,
 - 🍪 Risk and problem management (issues),
 - 🍪 Commercial Strategy, NPD Procedure;
- 🍪 Internal Trainer Development Program;

- 🍪 Programs for the development of managerial competences:
 - 🍪 First Time Managers - a program dedicated to managers new to the role,
 - 🍪 Participatory style of management,
 - 🍪 Academy for the Development of Production Leaders,
 - 🍪 Communication and cooperation,
 - 🍪 Thinking training with questions,
 - 🍪 Team coaching for individual business functions,
 - 🍪 Feedback that develops: feedback in a new version,
 - 🍪 Managing progress for employees (goal setting);
- 🍪 Training of presentation skills:
 - 🍪 Online / hybrid presentation,
 - 🍪 Charismatic business presentations;
- 🍪 Business tools:
 - 🍪 PowerBI,
 - 🍪 Excel,
 - 🍪 Visual Basic;
- 🍪 Language skills development program;
- 🍪 E-training in the field of: Counteracting Bullying, Purchasing Policy, Code of Ethics.



4. Taking pleasure in work

4.3. Trainings and educational programs for employees

404-2, 404-3

In addition, we have implemented a number of activities dedicated to the specifics of teams, supporting the development of hard competences (e.g. the CIMA program for the financial team), and honing an awareness of market trends (industry conferences).

The trainings have proven to be very popular among employees - the total number of participants in all trainings in 2021 was 2784 (assuming multiple participation in various trainings during the year).

Percentage of employees receiving regular periodic appraisals

	WOMEN	MEN	TOTAL
Senior management	100,00%	100,00%	100,00%
Average management staff	100,00%	100,00%	100,00%
Other employees	36,45%	36,48%	36,46%
All employees	39,59%	43,84%	41,71%

4. Taking pleasure in work

4.4. Occupational Health and Safety

103-1 (403), 103-2 (403), 103-3 (403), 403-2, 403-7, 403-8



Wedel approaches the issue of occupational health and safety with due care, being aware of the risks associated with work in a production plant. The company has established and trained a team responsible for risk assessment. It consists of at least three people: a health and safety specialist and two people with relevant knowledge about the processes or hazards in question. This area is regulated by a document called "Occupational Risk Assessment", which not only presents potential threats, but also lays out the related procedures (the document is updated every 2 years).

Each risk factor is assigned a plan of action and developed on the basis of a hierarchy of control. Related activities are implemented on an ongoing basis or included in project plans at the level of the entire company.

When high risks appear, corrective actions are taken immediately. Each employee is familiarised with the risk assessment at their workplace - before starting the tasks, after updating the list of risks, and during each on-the-job training. Additionally, at any time, employees have access to the document with risk assessments located on the shared drive; and to the documentation available to all employees in designated places in the company.

The results of the risk analyses are also periodically assessed in order to uncover trends, and opportunities for improvement. Accidents and near misses are examined in detail by the appointed team, and corrective and preventive actions are immediately implemented. If necessary, topics are discussed on the so-called Kaizen zone, where a group of employees trained in the Kaizen methodology, together with the OHS department, looks for causes and solutions to potentially dangerous situations.

Health and safety is a priority for every employer, but in manufacturing companies it represents a particular challenge. Being aware of the risks associated with working in a factory, especially in the food industry, we have conducted a series of audits, controls and meetings with employees in order to promote best practice in terms of performance and conduct. Our educational programs have honed practices that maintain safety and eliminate threats in the workplace. Our corporate values, "I take responsibility" or "I Assure Quality", are evident in the attitudes of our employees; which motivates us to continue making strides in this regard.

MAGDALENA KOZŁOWSKA
HEALTH AND ENVIRONMENT MANAGER



4. Taking pleasure in work

4.4. Occupational Health and Safety

403-2, 403-3, 403-4, 403-7



The company has a Health and Safety Committee, which consists of the employer's representatives: the OHS and HR services, designated managers, social labour inspectors and employee representatives. The committee meets once a quarter and after an on-site visit, it sets out the activities to be implemented, directions to be developed, and the prioritization of activities.

In the production department, there is a PAS (food safety) audit system, in which production workers, management staff and representatives of support departments (e.g. health and safety, quality control) participate. Audit results are recorded on publicly available tables; and, if necessary, corrective and preventive actions are determined along with the date of implementation, thanks to which each employee can see the progress of work on an ongoing basis. Training for the risk assessment team is conducted by the OHS department. It also participates in the work of the team during the risk assessment, as well as in determining corrective actions aimed at reducing the level of risk. The OHS department supervises the timeliness and quality of performed activities.

In addition, the OHS department conducts quarterly meetings of the OHS Committee, combined with company celebrations and maintains a register of reports. The department also participates in PAS audits, OHS audits and GEMBA Walks - these are weekly engagements with people responsible for their areas, focused on talking to employees and collecting their submissions, comments and suggestions.

Since 2021, Wedel has been implementing a program to improve health and safety conditions, consisting in shaping appropriate behaviours among employees in accordance with behavioural safety management. It is based on the idea of shaping the safe work practices of employees and the reporting of potentially dangerous situations.

During the COVID-19 pandemic, three cooperating teams at three levels of responsibility were launched, as well as an email box dedicated to topics related to COVID-19. It operated 7 days a week. Thanks to the actions taken, LOTTE Wedel maintained a continuity of production for the almost two years of the pandemic.

The company maintains an internal register of potentially hazardous situations and there is also the "I have an idea for improvement" database, where employees can submit ideas for improving health and safety, or removing a noticed threat.

The company's policy actively encourages the disclosure of risks and ideas. The ethics committee protects employees against any reprisals, and abuses can be reported anonymously.



4. Taking pleasure in work

4.4. Occupational Health and Safety

403-1, 403-4, 403-7, 403-8

LOTTE Wedel has not implemented a health and safety management system. Communication and providing employees with access to important information on health and safety is done by way of communication tools available in the company:

- ♥ e-mail communication,
- ♥ communication boards,
- ♥ information on monitors in production areas and in the canteen,
- ♥ information provided by superiors,
- ♥ one-element lessons,
- ♥ access to the shared health and safety disk,
- ♥ the company magazine *Temperówka*.

After an accident, a safety alert is sent to a wide group of line managers, and information is posted on communication boards. The company magazine *Temperówka*, a copy of which is given to every employee, contains important information about health and safety. Articles focus on safety, and there is a permanent “First Aid” column.

In addition, important information on health and safety is displayed on production monitors throughout the year, which are changed on a weekly basis. Once a quarter, communication meetings are also held for production employees (for all shifts), during which health and safety is discussed and presented



4. Taking pleasure in work

4.4. Occupational Health and Safety

403-5



Wedel also systematically carries out education in the field of health and safety, through:

OHS training, required by law (initial OHS training, periodic training, on-the-job training)

training in obtaining the required qualifications,

training in first aid, practical firefighting and safe driving

internal training on safe work procedures and rules - annual reminders for employees of production, warehouses and technical departments

training courses focused on a specific subject (e.g. ergonomics or the rules of safe movement)

practical exercises in evacuation and procedures in the event of a fire

trainings with refresher knowledge about health and safety

one-element lessons - short training sessions focused on a specific issue

webinars on a wide range of topics, focused on problems reported on an ongoing basis (e.g. how to work effectively while working remotely, how to reduce stress at work, how to take care of your back, etc.)

4. Taking pleasure in work

4.4. Occupational Health and Safety

403-9



Accidents at work	2021
Total time worked by all employees (full-time and part-time) [h]	2 503 433

Injuries in the work place	Type of workplace injury	Comment
Name of the business unit		
production	twist	fall on one level
production	break	fall on one level
sale	contusion	assembly of the exposition

	2021
Number of fatal accidents in the workplace	0
Number of serious accidents in the workplace	0
Total number of accidents	15
Fatal accident rate	0
Severe accident rate	0
accident rate	1,2

Among the remaining employees whose work or workplace is controlled by the organization, there were no accidents in 2021, and the total time worked by them was 28,369 hours.



5. TAKING PLEASURE IN COMMUNITY ENGAGEMENT

5. Taking pleasure in community engagement

5.1. Reaching out to the local community

103-1, 103-2, 103-3, Custom index 4



The most important pillar of Wedel's social responsibility is "People", understood not only as employees, but also the local community. Wedel's heart has been beating in the Praga district of Warsaw since the 1930s, which is why we feel so closely connected with this area. We have built long-term partnerships with Warsaw and Praga, supporting important social activities. For over 20 years we have been cooperating with the „Serduszko dla Dzieci” Association, which conducts various activities related to the education of children and youth. We supported the revitalization of the Polish-German Gardens in Skaryszewski Park, and for the past 17 years we have been a patron of the annual Wedel Run, held in the park itself.

Due to the fact that the Wedel factory, as one of the few active production plants in Poland, is located in the city centre, in Warsaw's Kamionek, relations with the local community are very important to us. That is why the “People” pillar in our strategy also assumes cooperation with local organizations and public institutions in order to improve the quality of life of our closest community.



The CSR strategy for the coming years includes key initiatives that we are developing to support representatives of the local community:

LOTTE Wedel's participation in the “Polish-German Gardens” project. You can read more about the project in **section 3**

closer cooperation with the „Serduszko dla Dzieci” Association (operating in Warsaw's Praga district)

developing initiatives for the local ecosystem

a grant program for employees of „Wedel od Serca”

5. Taking pleasure in community engagement

5.1. Reaching out to the local community

Custom index 5, Custom index 7

The most important Wedel partners with whom we undertake initiatives for the benefit of local communities are:



PTTK – the annual Wedel Run, organised for the past 17 years in Skaryszewski Park, in the vicinity of the Wedel factory. Every year it gathers around 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 the younger participants. Wedel has an active group of runners, with about 50 of them starting every year.



Fundacja Dobrych Inicjatyw (Foundation of Good Initiatives) – since 2020 as part of the “Wedel Academy” voluntary programme, Wedel employees conduct educational workshops. In addition, financial and material support (confectionaries were also provided as a part of the Package dla Seniora (Parcel for Seniors) campaign. Over 33,000 PLN was contributed to the foundation in 2021.

Bank Żywności SOS w Warszawie (SOS Food Bank) – in Warsaw - over 20 years of cooperation as part of a wide program of sweets donations and educating employees about the non-wasting of food.

Polish-German Gardens – support for the revitalization initiative of the area between the northern bank of Kamionek Lake and Aleja E. Wedel.

Stowarzyszenie „Serduszko dla Dzieci” – since 2001. The organization works for the benefit of children and youth from some of the difficult environments of Praga-North.



Financial donations made in 2021
Total: PLN 276,246.00

In-kind donations made in 2021
SOS Food Bank in Warsaw:
18,522.42 kg with a total value of 297,370.35 PLN

Other donations: 1,778.75 kg with a total value of 26,811.10 PLN
Total: 20 301.17 kg and 324 181.50 PLN

In our relations with our community partners, we are always looking to the future. We carefully observe what's going on around us, and always endeavour to be aware of the challenges that the local community is facing. We look to connect by offering and combining knowledge and experience; and by sharing resources. We shall always be fully engaged with and committed to the locality which has been a home to the Wedel factory for nearly 90 years.

KAROLINA KOPIŃSKA
CSR COORDINATOR



5. Taking pleasure in community engagement

5.1. Reaching out to the local community

Custom index 7

The local community was also involved in the joint celebration of the company's 170th anniversary. Social organizations operating in Warsaw's Praga district were invited to take part in the unique edition of the „Wedel od Serca” competition. Local partners could submit their ideas for projects for local residents. With a total budget of 50,000 PLN, 6 activities were carried out, including local events and educational workshops addressed to various age groups. The winning projects included intergenerational dance with music from the 1920s and 30s in Skaryszewski Park and a series of workshops for families and children, during which participants learned interesting facts about Praga and the Wedel factory.



As a local community, we also look to the inhabitants of Ghana, from where the most important raw material of Wedel - cocoa - comes from. Our presence in Ghana is based on cooperation with suppliers who guarantee the highest quality of raw material and work to achieve sustainable cocoa cultivation. We also want to support Ghanaians in their education and development.

Three years ago, we started working with the Omenaa Foundation to build a new school in Tema, Ghana. As part of this cooperation, a number of joint activities were carried out, including a charity sale campaign in Rossmann outlets, from which a part of the proceeds was donated to the building of a school. At the beginning of September 2021, thanks to Wedel's support, this goal was achieved. The Kids Heaven School was opened, giving local youth a chance to receive an education so that they may look forward to a better future. It is attended by 40 children who are under the care of a special CPC centre dealing with people who have experienced violence. Thanks to the involvement of Wedel's business partners in joint activities, a synergy was achieved, together with an awareness of the problems which the Ghanaian community are facing.

Further support for the school in Tema is planned, including a financial donation, which will be allocated to the equipping of a computer room. We shall also initiate an online program, one where our employees will be able to pass on the skills and competences of the Wedel community.



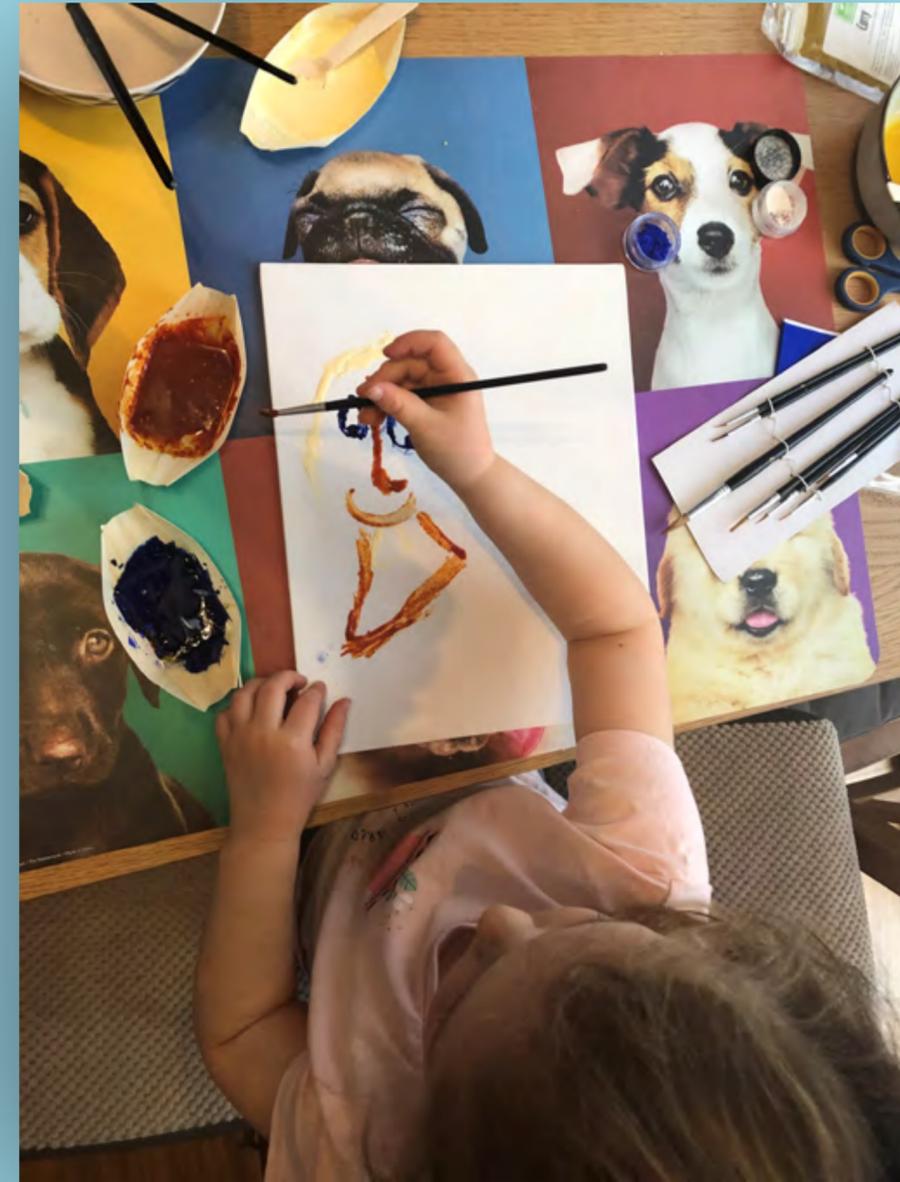
5. Taking pleasure in community engagement

5.2. Wedel employees engaged in charity work

Custom index 6

People are our recipe for success, and that is why at Wedel we know how important it is to help others. For many years our employees have been actively participating in various forms of volunteer work. This is an example of the fact that “I take responsibility” is a value deeply rooted in our Wedel DNA. This openness to taking on a good cause represents a continuation of the tradition started by the Wedel family.

During 2021, as part of the fifteenth edition of the „Wedel od Serca” grant program, our colleagues implemented as many as **22** social projects throughout Poland. In addition, through the Wedel Academy, established in 2020, volunteers could share their passions and knowledge with the beneficiaries of the Good Initiatives Foundation in an online formula that was specific for the times of the pandemic.



5. Taking pleasure in community engagement

5.2.1. „Wedel od Serca” program

103-1, 103-2, 103-3, Custom index 6

For 15 years, Wedel has been running a grant competition called „Wedel od Serca. Pomagamy Innym” (Wedel from the Heart. We Help Others) where our employees can submit original social projects for foundations or institutions that they want to support with the help of company grants.



In 2021, our volunteers implemented 22 projects with a total budget of PLN 120,000, which, due to the jubilee edition of the campaign, was the highest budget since the beginning of the program.

In the „Wedel od Serca” program, we often see initiatives aimed at supporting children and people with disabilities from the communities from which Wedel employees come. Since 2019, employees have been able to decide in an internal online vote which idea should receive support. As a part of the program, for fifteen years we have already implemented over 200 social projects all over Poland.

In 2021, we decided to expand the campaign. A survey conducted for us by SWPS (‘‘The Social Engagement of Companies’’) revealed that 63% of Poles believe that companies should incorporate social goals into their activities. In response to this need, we decided to invite local foundations and associations working for the benefit of the inhabitants of the Praga-Południe district of Warsaw to submit their initiatives.

More than a dozen projects were submitted, and six were selected, including three series of workshops (ecological, psychological and artistic) and 3 cultural events (including an intergenerational dance and a Christmas celebration).

5. Taking pleasure in community engagement

5.2.2. The Wedel Academy

In 2020, for the first time, online volunteering activities were carried out in response to the prevailing threat of the COVID-19 pandemic.

Together with the Good Initiatives Foundation, we inaugurated the “Wedel Academy”, based on employee competence volunteering. The program supports young people from care and educational institutions who are in the process of becoming independent. By helping them to acquire knowledge and new skills, they will be more ready for the life that awaits them.

Wedel employees conducted nine online workshops, sharing their knowledge on such topics as looking for a first job, ecology or learning from one's mistakes. By jointly defining the topics of the workshops, they responded to the real needs of these young people.

In order to measure the effectiveness of this activity, feedback on the project was collected. All participants and volunteers highly assessed the program, and the vast majority of them would like to continue their activities in this form, already declaring their readiness to get involved in the project themselves.

For our employees, as for the young people involved, it was also an opportunity to develop “soft” skills, such as communication, coping with stress, and problem solving. In the following years, it is planned to continue this form of volunteering in cooperation with the Good Initiatives Foundation, as well as with other partners.



5. Taking pleasure in community engagement

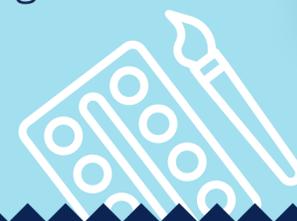
5.3. Wedel as a patron of culture

Wedel's rich history has many artistic threads. Already at the beginning of the 20th century, the brand engaged illustrators to design unique packaging. The E. Wedel brand was created by famous Polish artists, such as Zofia Stryjeńska, Maja Berezowska and Karol Śliwka. The Italian artist Leonetto Cappiello, the author of the famous symbol of a boy on a zebra, also collaborated with Jan Wedel.

Currently, Wedel continues with its artistic and cultural traditions, undertaking activities with Polish artists, an example of which may be the special metamorphosis of the packaging for the Ptasi Mleczko® marshmallow. In 2019, Polish young illustrators created packaging graphics for this product. One of the illustrators, Martyna Wójcik-Śmierska, also designed a mural that can be seen on the wall of the E. Wedel factory.

In 2020, the brand, in cooperation with Empik and the Omenaa Foundation, organised a charity poster project titled „Každy Plakat Pomaga” (Every Poster Helps). The poster designs were made by the celebrated graphic artist, Jan Kallwejt. The aim of this action was to support orphanages in Poland.

Moreover, E. Wedel is present in the city space of Warsaw. The brand can boast of many installations - on the streets of the capital you can see neon signs with the iconic symbol of E. Wedel, the boy on a zebra at ul. Szpitalna 8, and the famous inscription „CZEKOLADA E. WEDEL” on the tenement building at ul. Puławska 28.



5. Taking pleasure in community engagement

5.3.1. The National Museum of Warsaw and the Museum of Warsaw's Praga district

od 1851

E. Wedel



Wedel's cooperation with the National Museum in Warsaw has been ongoing since 2019. In 2021, Wedel was the patron of the Friends of the National Museum in Warsaw. In the joint project „Bliżej Sztuki” (Closer to Art), 23 films were prepared on the various collections of the National Museum. All materials were translated into English and Polish sign language. The second project in 2021 was the “We are all Photographers” campaign. Together with the Museum, workshops for Wedel employees and their relatives were also organised. In previous years, Wedel was also a partner of the Charity Ball „Spragnieni Piękna” (Longing for Beauty), organised by the Friends of the National Museum in Warsaw and held at the National Museum in Warsaw. All proceeds went to the museum itself.

For many years, Wedel has also been cooperating with the Praga Museum of Warsaw, which is located near the Wedel factory. Examples of joint initiatives are the exhibitions *Krem i czekolada* (Cream and Chocolate), and *Praga Sensorycznie* (Praga Sensory), an exhibition based on the recorded memories of employees of the Wedel and Pollena-Uroda factories. The last joint project was an educational campaign organised around the exhibition *Rzeczy do zabawy* (Things to Play With), dedicated to the work of Edward Manitius, a designer of toys and advertising gadgets, who in the 1920s collaborated with Wedel.

In 2021, Wedel was a proud partner of the educational campaign in the city space „Zrób sobie prezent. Witryna Wedla” (Treat yourself. Wedel's exposition).



5. Taking pleasure in community engagement

od 1851

E. Wedel



5.3.2. The TV Series *Receptura* (Recipe)

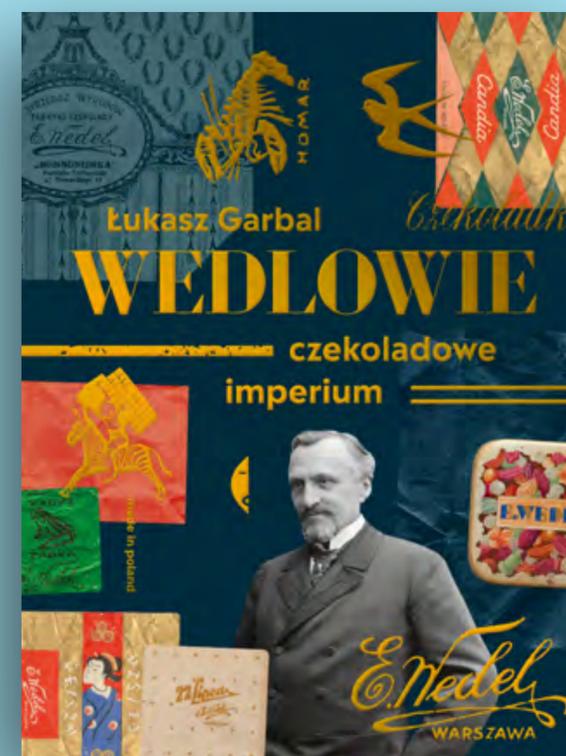
As part of its 170th anniversary celebrations, Wedel became a co-producer of the series *Receptura* (Recipe), broadcast on TVN and in the Player application.

The series reveals episodes from the history of the E. Wedel brand and its founders, blending some fiction with mostly fact. Among the many important events in the history of the brand, the series includes the story of the advertising ideas that Jan Wedel came up with.



5.3.3. The book *Wedlowie* (The Wedels)

In the autumn of 2021, the book *Wedlowie. Czekoladowe imperium* (The Wedels. The Chocolate Empire) by Łukasz Garbal was published, supported by Wedel. It presents the 170-year history of the Wedel family's chocolate company. The author not only takes readers into the world of confectionery and extraordinary advertising ideas, but he also writes about what life was like for those working in the factory. The heroes of the story are of course the Wedels themselves, revealing as it does their passion for quality.



5. Taking pleasure in community engagement

5.3. Wedel as a patron of culture



5.3.4. The Banksy exhibition

In 2021, Wedel became patron of one of the most interesting cultural events to have ever taken place in Warsaw. The exhibition *The Art of Banksy. Without Limits* was the first time that people in Poland could gaze upon the works of the mysterious street art artist. Over 100 exhibits, including original Banksy works, installations, sculptures, photographs, as well as templates and replicas created especially for this occasion, were presented at the Koneser Praga Center in Warsaw.

The exhibition was promoted by a mural presenting one of the most famous works by Banksy, "The Girl with a Balloon", which could be found at the Warsaw Polytechnic Metro Station. The artwork was made with anti-smog KNOxOUT paints. As a result, each meter of the painted mural acted as one tree, cleaning approx. 3,000 m³ of air on a daily basis.



5.3.5. Night of the Museums

Since 2013, Wedel has been involved in the organization of the Night of the Museums, opening the doors of its factory to chocolate enthusiasts. In 2021, the attraction prepared by the company was adapted to the prevailing pandemic conditions, and a unique virtual walk around the factory was made available on our website.

Online participants could visit the office of the legendary founder - Jan Wedel, see the gallery of chocolate sculptures and decorate a Torcik Wedlowski. We also showed a production line where the iconic Ptasię Mleczko® marshmallows are made.



5. Taking pleasure in community engagement

5.3.6. On the Wedel trail

In 2021, Wedel prepared a special map „Mapa śladami Wedlów” (**On the Wedel Trail**) (the electronic version is still available on our website), which presents places related to the company and the Wedel family in Warsaw and its environs. During the walk, assisted by the map, you can learn more about the chocolate business and the social engagement of Wedel’s founders. On the route you will come across tenement houses and cultural points built by E. Wedel, as well as the former locations of the chocolate company.



For Wedel, being a patron of culture represents a legacy that stretches back to the time of the company's founders. Wedel has looked to enrich the cultural landscape of the district of Praga, extending its engagement also to the city of Warsaw. Wedel and its employees have also given their all to nationwide initiatives. As a way of marking our 170th anniversary, we endeavoured to present the history and heritage of Wedel to a wider audience with the TVN series, Receptura (Recipe), which relates the history of the Wedel factory. We also supported the publication of the book Wedlowie (The Wedels), which explored the iconic legacy of the Wedel family.

ALEKSANDRA KUSZ VEL SOBCZUK
CORPORATE COMMUNICATION MANAGER



OD 1851

E. Wedel

6. ON THE REPORT

6. On the report

102-46, 102-48, 102-49, 102-50, 102-51, 102-52, 102-54, 102-56



This report is the first Responsible Business Report published by LOTTE Wedel. It describes the company's environmental, economic and social activities.

Future reports will be published on an annual basis. This publication covers disclosures for the period January 1 - December 31, 2021. The report was prepared in accordance with the GRI Standard in the basic option ("Core"), which is a recognised international standard for non-financial reporting. The document has not been subject to a voluntary external audit.

On a daily basis, Wedel is in dialogue with stakeholders, involving various groups, taking into account their specificity. In order to identify key reporting topics, various groups of company stakeholders were engaged in the dialogue: employees, business and social partners, as well as people interested in the company's activities on LinkedIn. In the last quarter of 2021, an online survey was conducted, including questions on the issues defined by Wedel's CSR strategy and GRI Standards, in which 56 people participated.

6. On the report

102-46, 102-47

After overlapping the perspectives of external stakeholders with those of the company (internal stakeholder research), a materiality analysis was performed and issues were selected for discussion in the report. The topic relevance is as follows:

lp.	TOPIC
1	Financial results (revenues, costs)
2	Managing the subject of taxes, the paying of taxes
3*	Compliance with laws and regulations, including preventing violations of the principles of free competition and monopolistic practices
4	Customer privacy protection. Data leakage prevention measures
5*	Reliable marketing communication, ethical marketing and sales
6*	Transparent information about products and their composition
7	Health and safety of Customers in terms of products or services
8	Taking care of animal welfare (e.g. using eggs from non-battery farming)
9*	The raw materials and materials used by the company, as well as their recycling and reuse
10*	Production, utilization and recycling of waste
11*	Creating environmentally friendly packaging
12	Energy consumption, ways to reduce energy consumption
13	Greenhouse gas emissions and ways to reduce them
14	Impact on environmental diversity
15*	Risks and opportunities for business development resulting from climate change
16*	Compliance with environmental regulations, preventing abuses, breaking laws and regulations regarding environmental protection
17	Supply chain efficiency and its decarbonisation
18*	Assessment of suppliers in terms of meeting environmental criteria
19	Water intake and consumption, water reuse, information on waste water discharges

Topics marked with an asterisk (*) are included and described in this report.

6. On the report

102-46, 102-47, 102-53

20*	Taking care of the environment in local communities	28	Activities undertaken by the company in order to eliminate corruption cases
21*	Employment in the company, including: number of new employees, rotation, employee benefits, return to work after parental leave	29*	Diversity and equal opportunities in access to positions and in remuneration
22*	Creating space for employee development (training and education, supporting development and commitment)	30*	Preventing discrimination, including against people with disabilities
23*	Approaches to managing employee health and safety	31	Respecting human rights, training employees on human rights
24*	Employee volunteer work	32*	Purchasing Practices - Assessing suppliers in terms of employment practices, social issues and respect for human rights
25	Possibility of association and collective bargaining	33*	Responsible sourcing of raw materials
26	Aid and charity activities	34	Purchases from local suppliers
27*	Engagement with local communities (preventing a negative impact on communities, involving them in the company's initiatives, consultations)	35	Building long-term and ethical relationships with the company's partners

Topics marked with an asterisk (*) are included and described in this report.

Should you have any questions regarding the contents of the report, please contact Karolina Kopińska (csr@wedel.pl).



Name of the GRI standard	Content index number	Content index	Commentary / Description / Page number
GRI 101. Foundation	[GRI 101 does not include any indices]		
2016			
Disclosures			
GRI 102. General disclosures 2016	GRI 102-1	Name of the organization	p. 7
	GRI 102-2	Activities, brands, products and services	p. 7, 8
	GRI 102-3	Location of headquarters	p. 7
	GRI 102-4	Number of countries where the organization operates, and the names of countries where it has significant operations	p. 7, 21, 22
	GRI 102-5	Nature of ownership and legal form	p. 10
	GRI 102-6	Markets served	p. 21, 22
	GRI 102-7	Scale of the organization	p. 9, 21, 22
	GRI 102-8*	Information on employees and other workers	p. 41
	GRI 102-9	Supply chain	p. 15
	GRI 102-10	Significant changes to the organization and its supply chain	p. 41
	GRI 102-11	Precautionary Principle	p. 45
	GRI 102-12	Externally-developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes	p. 23
	GRI 102-13	Membership of associations	p. 23
	GRI 102-14	Statement from senior decision-maker	p. 3-5
	GRI 102-16	Values, principles, standards, and norms of behaviour	p. 16
	GRI 102-18	Governance structure	p. 11
	GRI 102-40	List of stakeholder groups	p. 20

* Indicators partially reported

	GRI 102-41	Collective bargaining agreements	p. 62
	GRI 102-42	Identifying and selecting stakeholders	p. 20
	GRI 102-43	Approach to stakeholder engagement	p. 20
	GRI 102-44	Key topics and concerns raised	p. 20
	GRI 102-45	Entities included in the consolidated financial statements	Lotte Wedel sp. z o.o. and Pijalnie Czekolady Sp. z o.o. (this company is not described in this report)
	GRI 102-46	Defining report content and topic boundaries	p. 99-101
	GRI 102-47	List of material topics	p. 100
	GRI 102-48	Restatements of information	p. 99
	GRI 102-49	Changes in reporting	p. 99
	GRI 102-50	Reporting period	p. 99
	GRI 102-51	Date of most recent report	p. 99
	GRI 102-52	Reporting cycle	p. 99
	GRI 102-53	Contact point for questions regarding the report	p. 101
	GRI 102-54	Claims of reporting in accordance with the GRI Standards	p. 99
	GRI 102-55	GRI content index	p. 102-111
	GRI 102-56	External assurance	p. 99

PARTICULAR DISCLOSURES RELATING TO CERTAIN ASPECTS

Financial themes

Disclosures: anti-corruption

GRI 103. The management approach 2016	GRI 103-1	Explanation of the material topic and its boundaries	p. 33
	GRI 103-2	The management approach and its components	p. 33
	GRI 103-3	Evaluation of the management approach	p. 33
GRI 205. Anti-corruption 2016	GRI 205-2	Communication and training about anti-corruption policies and procedures	p. 33
	GRI 205-3	Confirmed incidents of corruption and actions taken	p. 33, 34

Disclosures: A

GRI 103. The management approach 2016	GRI 103-1	Explanation of the material topic and its boundaries	p. 35
	GRI 103-2	The management approach and its components	p. 35
	GRI 103-3	Evaluation of the management approach	p. 35
GRI 206. Anti-competitive behaviour 2016	GRI 206-1	Number of legal actions pending or completed during the reporting period regarding anti-competitive behaviour and violations of anti-trust and monopoly legislation in which the organization has been identified as a participant	p. 35

Disclosures: Certified raw materials

GRI 103. The management approach 2016	GRI 103-1	Explanation of the material topic and its boundaries	p. 48
	GRI 103-2	The management approach and its components	p. 48
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Disclosures: Initiatives carried out jointly with the company's partners

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Environmental themes

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* Wskaźniki raportowane częściowo

Disclosures: Water and waste

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Disclosures: Emissions

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	GRI 306-3	Significant spills	p. 54
	GRI 306-4	Transport of hazardous waste	p. 54
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** Unreported indicators

Disclosures: Environmental compliance

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	GRI 103-2	The management approach and its components	p. 56
	GRI 103-3	Evaluation of the management approach	p. 56
GRI 307. Zgodność z regulacjami środowiskowymi	GRI 307-1	Non-compliance with environmental laws and regulations, including administrative and judicial sanctions for failure to comply with environmental laws and/or regulations	p. 56

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	GRI 403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	p. 81, 82
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