



FOR THE FUTURE WITH PLEASURE

Wedel Sustainability Report 2023

LETTER FROM THE BOARD OF DIRECTORS

Ladies and Gentlemen,

It's with great pleasure that we present to you "Wedel Sustainability Report 2023".

Although the year 2023 presented us with unique challenges, both due to changes in the chocolate confectionery industry and due to the global macroeconomic and geopolitical situation, we – as an organization whose foundations are built on more than 170 years of tradition – consistently strived to focus on growth, innovation and responsible business operations.

Rising costs of raw materials and energy, and increasing consumer expectations of ever higher standards of sustainable solutions determined us to be even more flexible in fulfilling our commitments. The food sector, and the confectionery industry in particular, is facing important questions today – how to produce deliciously, safely and at the same time responsibly, taking care of the environment and the diverse needs of consumers. At Wedel, the answer to these questions is our CSR Strategy based on the approach: *"For the Future with Pleasure."* With this strategy, we are implementing a number of initiatives to reduce our negative impact on the environment, support diverse communities, and build and promote ethical standards throughout the value chain.

Another important step is the continuation of our activities in the area of carbon footprint calculation, which allows us to even better control emissions, prepare possible action plans and set further reduction targets.

In the social area, our commitment to activities in the area of Diversity, Equity, and Inclusion (DEI) is not waning. We support both our employees and social partners with programs that promote equal opportunities, professional development and inclusion of people from different backgrounds. We also work with NGOs to support initiatives that have a real impact on local communities and contribute to building a better future.

The year 2023 has also brought us new ESG-related regulatory challenges that are increasingly shaping the business landscape. Awareness of growing regulatory and consumer expectations means that our sustainability strategy is evolving and will be revised to meet these demands. In the coming months, we plan to conduct a double materiality assessment and a taxonomy analysis, which will form the basis for our continued work on the new ESG strategy.

We strive to ensure that our operations are transparent, in line with the best standards, and fully integrated with our values.

All these initiatives would not be possible without the commitment of the Wedel team.

It is thanks to their passion and determination that we can constantly strive to improve our processes and introduce more solutions that bring us closer to achieving our long-term goals.

We encourage you to read this report, which is a testament to our ongoing work for sustainability.

We are convinced that together with our partners, employees and customers, we can shape a better, more sustainable future, with pleasure.

The Board of Directors of LOTTE Wedel

LETTER FROM THE PRESIDENT

Ladies and Gentlemen,

we strive to ensure that innovation and sustainability go hand in hand at LOTTE Wedel, and that activities carried out in these areas are transparently communicated, which we are doing by presenting this latest ESG report. We are committed to ensuring that joint investments in new technologies and responsible business practices that are of value to our customers and stakeholders are our differentiator in the competitive market.

The past year has confirmed the growing importance of ESG activities in shaping the business environment. In response to these changes, growing market expectations and regulatory requirements, our sustainability strategy is being continuously refined. This report presents our achievements in this area and the company's future plans.

Noteworthy is the fact that Wedel's cooperation with the LOTTE Group is a combination of strong companies with a rich history, tradition and family character.

This synergy brings many benefits, both within the organization and to our partners, consumers, and local communities. Commitment to sustainability is one of the key areas of this cooperation.

As one of the largest food corporations in the market, LOTTE has defined its goals based on the SDGs - i.e. the UN Sustainable Development Goals. The LOTTE Group strives to ensure that both the activities in the domestic market and those of the companies operating within the Group structure are transparent, in line with the highest standards and fully integrated into the business strategy.

I invite you to read this report and get involved in activities that foster environmental protection and strengthen local communities. Working together with our partners, employees and customers, we want to build a better future for each of us.

TSUYOSHI FUKATSU

PRESIDENT OF THE MANAGEMENT
BOARD



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1. Wedel – combining tradition and modernity



Wedel – combining tradition and modernity

About us

GRI 2-1, 2-6

Wedel's history dates back to 1851 and is inextricably linked to three generations of the Wedel family, who built one of Poland's strongest companies. Since September 2010, we have been part of the Japanese LOTTE Group – an international conglomerate founded in 1948, which allows us to combine the autonomy of operating within the Polish market with international best practices. Since the 1930s, our factory and office have been located in Warsaw district of Praga at 28/30 Jana Zamoyskiego Street.

Right next to the factory, in 2023 work was underway on Wedel's largest investment project in a century – **E.Wedel Chocolate Factory Museum**. It is located in revitalized silos that were previously used to store and process cocoa. In addition to the museum space and the **E.Wedel Chocolate Lounge**, the production of such E.Wedel-branded products as *Chakwa Królewska* (halva), *Sezamki* (sesame seed candy) and the famous *Baryłki* (pralines with alcohol filling), will be moved to the new factory, equipped with modern machinery. There will also be a new R&D laboratory and the **Atelier** – a manufactory of handmade products.

Our mission statement reads: We are constantly changing so as to bring joy to both ourselves and our clients. It reflects our philosophy of responding to the challenges of the modern world as a responsible producer, employer, neighbour and partner.

An important element of our business strategy is to grow our exports, which currently account for about 10% of our turnover. With the taste of original Wedel products, we reach 50 countries around the globe. The key foreign markets for us are the USA, Canada and the United Kingdom.



- Australia
- Bosnia and Herzegovina
- Brazil
- Bulgaria
- Canada
- Chile
- China
- Cyprus
- Estonia
- Finland
- France
- Georgia
- Germany
- Greece
- Hong Kong SAR
- India
- Iceland
- Ireland
- Israel
- Japan
- Kuwait
- Latvia
- Lebanon
- Lithuania
- Macedonia
- Malta
- Mexico
- Moldavia
- Mongolia
- Netherlands
- Norway
- Philippines
- Portugal
- Qatar
- Romania
- Saudi Arabia
- Serbia
- Sierra Leone
- Singapore
- South Africa
- South Korea
- Spain
- Sri Lanka
- Sweden
- Taiwan
- Ukraine
- United Kingdom
- Uruguay
- USA

Products

GRI 2-6

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



Ptasie Mleczko®
(marshmallows,
candy bars)



**Mieszanka
Wedlowska**
(candies in dark
chocolate)



Torcik Wedlowski
(hand-decorated
chocolate wafer
with hazelnut cream
filling)



**Pawełek, WW,
Bajeczny, Pierrot,
Na dobre**
(chocolate bars)

and also:



Czekotubka
(chocolate cream
and ice cream in the
squeezeable version)



**Chalwa
Królewska**



Pralines
(Baryłki and Od
Serca, including a
new addition to the
Nadziane line)



Ice cream
(including
E.Wedel OH!)

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

A cooperation between the *Ptasie Mleczko®* and Costa Coffee brands resulted in limited-edition flavours of marshmallows - Caffé Frappé and Salted Caramel Shake. In the chain's cafes themselves, meanwhile, some drinks (including shakes) were enriched with Wedel marshmallows.

As part of the collaboration with OnlyBio, four lines of care products inspired by the scents of E.Wedel sweets were prepared, including shampoos, hair masks, and body lotions, which were given limited-edition Wedel chocolate scents.








In response to the diverse needs of our Customers, we are expanding our range of dark chocolate candies and dark chocolates, which includes bars containing 50%, 64% and 80% high quality cocoa from Ghana – including the *WW* bar in a dark chocolate or *Ptasie Mleczko®* Vanilla in a very dark chocolate 80%.

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

Value chain

GRI 2-6

We are committed to ensuring that the values close to us are respected throughout the value chain, so in addition to implementing them in ongoing activities with our partners, we incorporate them into our purchasing processes, among other things. At the beginning of 2023, we implemented the *Sustainable Development Policy for LOTTE Wedel Suppliers*, in which we obliged suppliers to follow our guidelines:

-  ensure traceability of raw materials and transparency of their origin,
-  collect the necessary documentation, in accordance with the quality standards in place,
-  implement an effective system for recalling nonconforming products,
-  engage in the life of local communities,
-  participate in local projects and support their implementation,
-  support charitable initiatives to the best of its ability,
-  report on their non-financial activities.

Our suppliers are divided into three groups:

 **suppliers of materials**

 **suppliers of commercial goods**

 **suppliers of raw materials and packaging**

Characteristics of suppliers:

120

suppliers of raw materials and materials




Estimated number of entities along the supply chain and at each level of the chain:

and roughly 13 co-production suppliers.

Type of business relationship with suppliers:

 long-term and short-term contracts	 cooperation agreements	 orders
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Specifics of the supply chain:

 volatility of volumes	 limited shelf life of raw materials and finished products	 specific storage conditions
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Estimated value of payments to suppliers:

Raw materials and packaging	approx. PLN 500 m
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Geographical location of suppliers:	Europe, Asia
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Geographical location of manufacturers:	Europe, Africa, America
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Our distribution network is based on the following channels:

-  discounters,
-  hypermarkets and supermarkets,
-  traditional market, including authorized distributors, local chains, independent stores,
-  online sales.

We work with our largest Clients by designing strategic solutions at the central level, while relationships, distribution and development at the store level is the responsibility of our team of sales representatives. With these solutions, we ensure wide distribution of our offer.



Management structure

GRI 2-9, 2-10, 2-11

The make-up of Wedel's management structure is as follows:

The Management Board

Board of Directors (including Management Board members)

- Managing Director (Member of the Management Board)
- Finance and IT Director (Member of the Management Board)
- HR and Administration Director
- Sales Director (Commercial Proxy)
- Marketing Director
- Budget Control Director

The Team of Key Managers (including members of the Management Board and of the Board of Directors), which includes:

- Health and Safety and Quality Manager
- Strategy and Income Management Manager
- Internal Audit and Risk Management Manager
- Legal and Compliance Manager
- Corporate Communications and ESG Manager

Members of the **Management Board** are appointed by a Meeting of Shareholders, which represents the sole owner of the company, and takes into account the opinions of stakeholders in the process of selecting members of the Management Board and the criteria used in the same, such as the necessary competencies in the field of sustainability management. In 2023, the composition of the Management Board was as follows:

MEMBER	GENDER	INDEPENDENCE	DURATION OF TENURE	OTHER IMPORTANT POSITIONS AND DUTIES	COMPETENCIES RELATED TO THE COMPANY'S PRODUCTS AND ACTIVITIES
TSUYOSHI FUKATSU	M	FULL	INDEFINITE	N/A	GENERAL MANAGEMENT, CONTACT WITH THE OWNER
TAKAHARU SAITO	M	FULL	INDEFINITE	N/A	GENERAL MANAGEMENT, CONTACT WITH THE OWNER
TOMOKAZU KONO	M	FULL	INDEFINITE	EXECUTIVE DIRECTOR OF PRODUCTION	PRODUCT EXECUTIVE DESIGNS, FACTORY LINES AND INNOVATIONS
TOSHIHISA HIRANO	M	FULL	INDEFINITE	N/A	GENERAL MANAGEMENT, CONTACT WITH THE OWNER
GOHSUKE HIRAMATSU	M	FULL	INDEFINITE	BUDGET CONTROL DIRECTOR	BUDGET CONTROL MANAGEMENT
MACIEJ HERMAN	M	FULL	INDEFINITE	MANAGING DIRECTOR	EXECUTIVE MANAGEMENT FOR ALL AREAS IN THE COMPANY
ANDRZEJ PAŁASZ	M	FULL	INDEFINITE	FINANCE AND IT DIRECTOR	MANAGING THE AREA OF FINANCE, ACCOUNTING, PURCHASING AND IT

The role of the Board of Directors in directorial functions

A number of Members of the Board of Directors simultaneously perform senior management (directorial) functions within the organization. However, these additional functions do not give rise to any conflict of interest. In 2023, the Board of Directors, in addition to Members of the Management Board, comprised of the following persons:



Maciej Herman

Managing Director



Inga Pyd

HR and Administration
Director



Andrzej Pałasz

Finance and IT Director



**Krzysztof
Stepnowski**

Sales Director



Krzysztof Bogacz

Marketing Director

Sustainability management

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

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



Members of the
Management Board



Members of the
Board of Directors

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

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

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

Our CSR Strategy rests on three pillars:



People



Innovations



Environment

Within these pillars, key issues for the company and its stakeholders were identified (and divided into 18 areas). The assumptions of the strategy have been made actionable at the operational level to include **42 initiatives reflected in tasks, projects, programs** (including Sustainable Raw Materials, Environment or Eco-packaging), as well as processes implemented in the organization. Each initiative has an assigned owner from a particular business area.

In order to implement the idea of constant development while striving to reduce negative impacts, a comprehensive revision of the strategy is planned over the next three years, based on new guidelines (including regulations on the making available on the Union market and the export from the Union of certain commodities and products associated with deforestation and forest degradation, the Corporate Sustainability Reporting Directive, and the Corporate Sustainability Due Diligence Directive). In response, a gap analysis was performed in early 2024 to prepare the company to meet the new reporting standards, and by the end of 2024 a double materiality analysis and a taxonomy disclosure document for 2024 will also be completed. The next step will be to revise the current CSR strategy and transform it into an ESG strategy.



**Aleksandra
Kusz vel Sobczuk**

Corporate
Communication and
ESG Manager

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At Wedel, our goal is not only to provide exceptional products, but also to build valuable relationships with the environment. Through ESG initiatives, we want to make real changes that will have a positive impact on future generations. Action on sustainability, diversity and inclusion is an integral part of our mission. It is our responsibility and at the same time a challenge that we are happy to face every day.

Sustainability management

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

Members of the Board of Directors actively participate in meetings dedicated to the introduction of provisions from the scope of sustainable development into the organization's business processes and the making of key decisions in this respect, which is also reflected in the long-term budget planning process. The Corporate Communication and ESG Manager continuously cooperates with project teams, and monitors and reports on a monthly basis to the members of the ESG Strategic Steering Committee concerning progress on the implementation of solutions and the achievement of goals and milestones. In addition, as a part of company-wide processes, key decisions and financial commitments are consulted on and approved with the entire Board of Directors.

The effects of the Board of Directors' activities, including in the area of sustainable development, are monitored, supervised and evaluated by our owner (LOTTE). They are also subject to assessment by among others:



**compliance
units**



**internal audit
units**



**auditors of the
company's
owner**



**independent
external auditors**



**regulatory and
control
authorities**



**certification
bodies**



contractors



**financial
institutions**



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

2. Corporate governance



Fundamentals of management

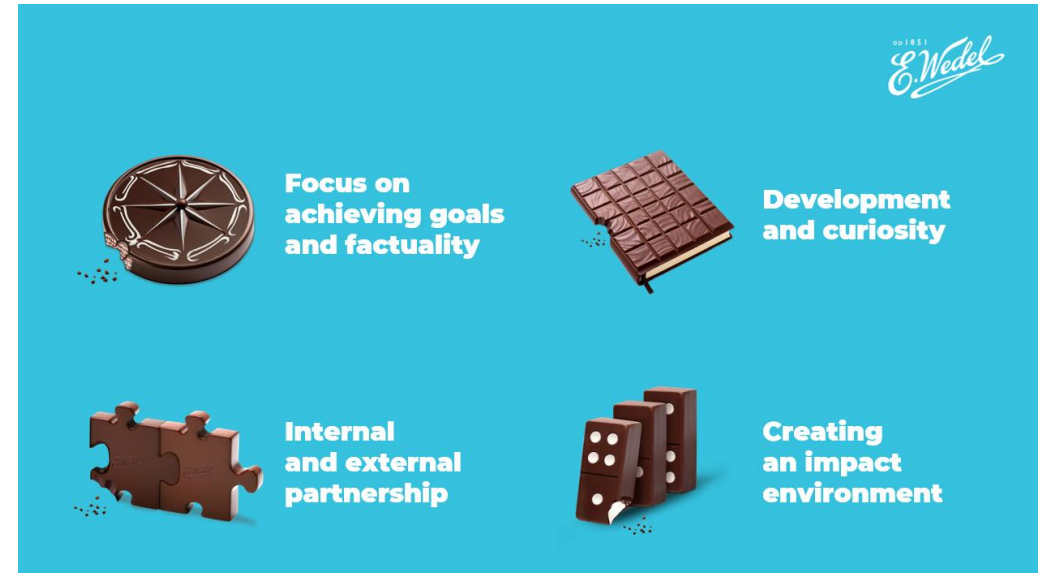
GRI 2-15, 2-23, 2-24, 2-27

The foundation of our market presence and the trust of our stakeholders are the values that guide us. They are defined by internal regulations, the provisions of which oblige us to prevent any violation of fundamental and inalienable human rights as defined in the United Nations Charter, the Universal Declaration of Human Rights and the European Convention on Human Rights.

Care for respect for dignity and observance of human rights accompanies us in every aspect of our operations – in our relations with our employees, business partners and local communities. Among other things, we have included our approach and requirements for stakeholders in our *Code of Conduct* and the ***Sustainable Development Policy for LOTTE Wedel Suppliers***. We guarantee that suppliers of some of our raw materials, including our key cocoa, respect human rights through widely recognized certifications.

In the first half of 2023, we revised our business strategy and redefined our values, which are the foundation of our organizational culture, so that they support the direction we have taken and reflect the current spirit of the organization. The company approached the issue of organizational culture in a completely new way, based on the assumption that each team, due to the nature of its work, needs an individual system of norms and behaviours that will support the achievement of business goals. On the other hand – a common definition and understanding of attitudes builds stable, high-performance teams, so employees from all areas were involved in this process, which is unique to the company, to jointly develop the company's four core values.

Key values at Wedel



The company's organizational culture is reflected in internal regulations, which are tools for achieving its main objectives. Responsibility for the implementation of policy commitments at individual levels of the organization is assigned according to the corporate structure, according to which, the organization is divided into business departments responsible for compliance with internal regulations under the first level of protection, as well as the compliance unit under the second level of protection and the Internal Audit Department under the third level of protection.

Training on compliance with internal regulations, and thus on conducting responsible business activity, is held for each department in accordance with the legal and compliance training matrix. They are divided into: introductory (onboarding) and recurring. The matrix includes a list of positions of employees who mandatorily participate in training.

Awareness campaigns and training on conflict of interest prevention are also being conducted at Wedel. Ongoing monitoring and identification of problems has also been introduced, which is handled by: Legal Department, Compliance and Internal Audit Department, and channels for reporting irregularities, including those related to conflict of interest, are available.

The Internal Audit team conducts regular risk assessments, based on which it identifies areas potentially in need of improvement. The analysis takes into account both local expectations and needs, LOTTE's expectations as the owner, and global trends.

The internal control system is regularly evaluated, which confirms its effectiveness in the processes carried out.

In addition, the company has a risk management system in place to identify risks in all areas of the company on an ongoing basis. They are then evaluated, and after evaluation, plans are made to mitigate risks or increase the effectiveness of corrective actions.



Ethics and compliance

GRI 2-16, 2-25, 2-26, 3-3, Anti-competitive behaviour 206-1

We are aware of the impact our business has on our stakeholders and our responsibility to them. We are committed to making moral and fair decisions and displaying ethical conduct.

Since 2012 this is possible and regulated by Wedel's Code of Conduct, which is an overarching document setting out the values and defining the ethical culture of the company. It defines the principles that guide us in our daily business activities, also expressing our responsibility as an employer, manufacturer, neighbour and business partner. The *Code of Conduct* sets out the hierarchy of values and standards of conduct for all employees, regardless of their function and position. Each employee is required to read this document and apply its principles in their daily work; and it is available to the public on our website:

**LOTTE Wedel
Code of Conduct**
(Link)



The organization has Legal Department, as well as Compliance, Internal Audit, and Corporate Communication and ESG units that are responsible for implementing, proposing, enforcing and interpreting internal regulations, monitoring compliance and contacting stakeholders.

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

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








**Kamila
Luttmann**

ESG & Legal Director

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In today's world, there is no room for compromise when it comes to compliance with the law and ethical standards. At Wedel, we make sure that our processes are not only compliant with applicable regulations, but also transparent and understandable to our stakeholders. We believe that compliance with legal and ethical standards is the key to building lasting business relationships and trust in the market.

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

 <p>an external anonymous channel via the wedel.zalezymi.pl web application</p>	 <p>notifying a line-manager or a higher-level supervisor (including a member of the Board of Directors)</p>	 <p>contacting the HR department</p>
 <p>contacting the Compliance Manager, the Legal and Compliance Director or the Internal Audit Manager</p>	 <p>sending the message to etyka@wedel.pl</p>	 <p>during the reporting duties of the Compliance Manager</p>

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

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



At Wedel, key directors and managers, including the CEO, are informed of all reports. In 2023, 8 cases of irregularities were identified, concerning potential violations of labour laws and internal regulations. Each report was investigated, explained and concluded with a report with recommendations for action.

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

At Wedel, issues related to free competition are regulated by:

<p>Code of Conduct</p>	<p>Procedure of proceeding in accordance with the provisions on competition protection</p>	<p>Procedure for processing and sharing sales data</p>	<p>Procedure to be followed in the event of monitoring and procedural actions taken against the Company</p>
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Employee educational and information activities through training, awareness raising, legal alerts (cyclical e-mail communications addressed to employees regarding legal or regulatory events), and consumer education (e.g. as part of communication in social media, in particular on LinkedIn) are in place. When the need arises, we also undertake cooperation with the Office of Competition and Consumer Protection.

206-1



In 2023, no court or administrative proceedings were initiated against LOTTE Wedel regarding violations of the principles of free competition or antitrust regulations.



**Mateusz
Hendzel**

Corporate
Governance
and Compliance
Manager

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Compliance with regulations and ethical standards is the foundation of our operations. In today's world, companies must constantly adapt to the growing demands of compliance, not only to ensure legal compliance, but most importantly, to build trust among our stakeholders. At Wedel, we strive to be leaders in transparency, so that we can offer our consumers products of the highest quality that comply with the highest ethical standards.

Marketing policy

GRI 3-3, Marketing and Labelling 417-3

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

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

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

Already at the design stage, communications are consulted internally, depending on the topic and competencies, with the Legal Department, Food Law Team, Technologists, Quality Department, and Corporate and ESG Communications Team, among others.

We remain in constant dialogue with consumers through well-functioning communication channels. The hotline and social media allow us to address inquiries about our offerings on an ongoing basis.

417-3



In 2023,
Wedel did not record any cases of non-compliance with regulations and voluntary codes regarding marketing communications, including advertising, promotion and sponsorship.

Moreover, in 2023 the Legal Team prepared an e-learning course on consumer communications for the Marketing and Trade Marketing Departments (more than 60 people in total), i.e. departments that prepare communications about, among other things, promotional actions or offers aimed directly at consumers. According to the law, such communication must be clear, simple, complete and not misleading, enabling the consumer to make an informed decision about whether to use Wedel's offer or, for example, that of its competitor. The training also covers aspects related to greenwashing and counteracting its occurrence in communications. The training is mandatory, repeated once a year, and ends with a quiz indicating whether participants have understood it.

Product composition and labelling

GRI 3-3, internal indicator 2

We provide consumers with clear, transparent information to help them make informed purchasing choices. In accordance with current legislation (Regulation 1169/2011 of the European Parliament and of the Council of the EU), we are obliged to provide information about a product on its packaging or label. It is from here that the consumer gains knowledge about the raw material composition of the product, the presence of allergenic substances in the product, as well as the possible and unintentional presence of allergens. Our packaging contains not only mandatory data, but also additional information that is important for the consumer, including:



nutritional value and percentage of reference intake value per portion of the product



information about the energy value of the product per portion and per 100g on the front of the packaging



information on alcohol content, if present in the product, also outside the list of ingredients, in the form of an additional message for products containing more than 0.5% alcohol

Our website www.wedel.pl provides information about our products, their composition and nutritional value, as well as data on the key ingredients used in the production of our products.



Consumer health and safety

GRI 3-3, Customer Health and Safety 416-2

Wedel meets the requirements of such regulations as: Food and Nutrition Safety Act of 25 August 2006, Regulation (EC) No. 178/2002 of the European Parliament and of the Council of 17 January 2002, and Regulation No. 852/2004 of the European Parliament and of the Council of 29 April 2004 on the hygiene of foodstuffs. The *Quality Policy*, *Hygiene Book* and other procedures in force in our company regulate the health and safety of the customer and consumer, in accordance with the mentioned regulations and standards: IFS (International Food Standard; 2023 audit score of 98.37%), BRC (British Retail Consortium; 2023 audit score of AA+), ISO 9001 (ISO Standard for Quality Management Systems), Codex Alimentarius (Food Code). We maintain a register of complaints and internal incidents.

Wedel has an analytical laboratory, a combination of physical-chemical and microbiological laboratories, which in 2023 performed 21,500 tests to guarantee the highest quality of manufactured goods and ensure that they are safe for the consumer. Raw materials, semi-finished and finished products were tested, as well as packaging, the production environment, water and air.

At Wedel, both employees and customers or consumers have a real impact on improving the safety and quality of the products we produce.

Our Quality Department, through the registration and analysis of complaints, improves procedures and processes throughout the production cycle. All reports are received by a trained consumer hotline team. We also employ agencies to collect reports, which are then transferred to the Quality Department, where, after verification, appropriate explanatory actions are taken and changes are made if necessary.



We also have implemented the *Vectio* system, which enables production employees to submit ideas for improving quality and hygiene in the workplace. Each idea submitted by an employee is reviewed by the Quality Department. In 2023, **207 ideas** were submitted, of which 62 concerned quality improvement. 84 ideas were implemented, including 29 in the field of quality improvements.

Hygiene inspections and internal audits are organized at Wedel, the purpose of which is to develop the *Food Safety Culture* (defined as the resultant effect of our employees' attitudes, values and behaviours, which reflects their commitment and reliability when it comes to the process of food safety management in the organization). This is a space where you can submit quality or hygiene related comments affecting the end-product. As part of the *Food Safety Culture*, since June 2023 the Quality Department prepares a periodic newsletter that discusses topics related to product safety and quality in an easy-to-understand manner.

Since 2023, in production areas an additional form of inspection has been used, the hygiene inspections, which are carried out periodically in all areas of the factory. The Quality Department, which is responsible for them, cooperates with specific areas in their implementation to improve and maintain high hygiene standards.

Also, under the *Performance Control System (PCS)* meetings are held on quality incidents to identify causes and corrective actions in connection with complaints, incidents or inspections, among others. For each of these reports, the root cause is determined, and corrective actions are introduced to reduce the risk of recurrence.

The effectiveness of the actions taken reduces the number of complaints and quality incidents.

416-2



In 2023, there were no cases of non-compliance with regulations and voluntary codes related to the impact of products and services on health and safety.



3. Wedel and the environment



Our approach to managing environmental issues

GRI 2-27

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

0

0 fines for non-compliance with environmental protection regulations in 2023

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

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



responsible sourcing of raw materials



measuring the carbon footprint and verifying the possibility of its reduction



implementation of a comprehensive strategy dedicated to packaging and recycling of packaging waste



education of employees on environmental topics

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



In addition, we have been supporting pro-ecological social initiatives for years. An example may be the involvement in the revitalization of the "Polish-German Gardens" green area adjacent to our headquarters.

In 2023, Wedel volunteers, together with experts from the Packaging Recovery Organization REKOPOL conducted classes on environmental issues, emphasizing proper waste segregation and the role of recycling, in 7 Warsaw educational institutions. The classes were attended by 330 children from schools and kindergartens.

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

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

The policy will be developed further – in 2024, among other things, we introduced a detailed survey so as to comprehensively cover the largest possible group of our suppliers, to whom we addressed a series of cross-cutting questions on sustainability issues (environmental questions, corporate governance and community approaches). The survey will serve as a starting point for us to continue working with partners to reduce negative environmental impacts in our value chain.



Materials and raw materials

Quality of raw materials

GRI 3-3, internal indicators 2 and 3

Driven by concern about the quality and ethical nature of our products, we maintain high internal standards, and also set high requirements for our raw material suppliers. Due to the nature of the chocolate confectionery industry, the most important challenges we see in this area relate to suppliers' adherence to social and legal standards (including the elimination of slave labour, child labour, legality of employment, support for local communities), environmental standards (against the illegal logging of rainforests and other forms of predatory exploitation), and attention to animal welfare.

Sourcing sustainable raw materials is an important element of our CSR Strategy. All initiatives in this area are concentrated in the **"Sustainable Raw Materials" program**, which is one of the ESG programs, and implemented by a cross-departmental project team. We are striving to implement international standards for supply chain control, which demonstrates the transparency of the policies implemented in the company and proper communication.

In turn, certification of raw materials contributes significantly to solving global problems of the modern world and mitigating the negative effects of agriculture or raw material processing.

Taking the above aspects into account, we have taken additional steps towards the sustainable purchasing for four raw materials that are highly likely to have a negative impact on social or environmental aspects: cocoa and palm oil (their production may cause deforestation and a problem with maintaining ethical production standards), eggs (due to battery farming), and soybean as a raw material as a raw material that is often genetically modified.

We are working with suppliers to reduce the negative impact of their production activities, such as by certifying palm oil, certifying cocoa raw materials and eliminating caged eggs by 2025. The scope of certified raw material projects and other CSR projects was defined with the participation of stakeholders as a part of the ongoing dialogue.

Certified cocoa

Cocoa is the main raw material used in the production of our products. For many years, it has been sourced from only one country in West Africa – Ghana. Firstly, because of the unique taste of the local variety, which is deep and chocolaty. Secondly, the professional management of the cocoa sector is decisive for us. The quality of the grains is controlled at every stage of purchase, thanks to which it remains constant, and the grains are free of other flavours. Crops in Ghana are controlled by the government and the COCOBOD (Ghana Cocoa Board) institution. The purpose of this organization is to support farmers in cultivation, production and processing, as well as in obtaining the highest quality cocoa beans, which translates into greater income for farmers.

Thanks to COCOBOD's support activities aimed at growers, and the rigorous and mandatory inspection of beans intended for sale, cocoa from Ghana is particularly valued on global markets.



Each bag of beans is registered in the state county warehouses along with the name of the farming group supplying them. Thanks to this, we have full knowledge about the individual stages of the production and processing of the raw material.

In addition, in Ghana, farmers are covered by an extra payment for cocoa sold, called **LID (Living Income Differential)**. It was introduced in 2020, by the governments of Ghana and Côte d'Ivoire, to increase the income of cocoa farmers. Despite the additional fees, Wedel has chosen not to purchase raw material from other parts of the world to maintain the high quality of our products.

In 2023, we launched 5 types of Wedel Snack chocolate bars with **Rainforest Alliance** certification. This certification means that part of the sale proceeds from these products goes to certified cocoa plantations affiliated with the Rainforest Alliance. The certification process requires growers, planters and producers to meet high requirements and regular checks of certified deliveries. Implementation of certification by the manufacturer is related to the fulfillment of all standard guidelines, taking into account environmental, social and economic aspects, the compliance of which is confirmed by an annual audit carried out by independent authorized body. The certification covers the purchase of cocoa pulp, cocoa powder, cocoa fat (natural and deodorized) and hazelnut pulp. Certified cocoa is used in the E.Wedel production on a mass balance basis – the company buys the amount of certified cocoa that corresponds to the weight of chocolates produced with the green frog seal, i.e. the Rainforest Alliance logo. We strictly control the quantities of raw materials ordered and products sold, and report them in the international Multitrace system, which is confirmed by an independent certification body.

Internal indicator 3

Certified palm oil

Since 2020, the **international RSPO standard (Roundtable on Sustainable Palm Oil)** has been implemented at Wedel, which confirms the implemented procedures for accounting for certified palm oil, sourcing rules and verification in accordance with specific guidelines.

We purchase raw materials certified in two models: *Mass Balance* and *Segregated*. *Mass Balance* means that palm oil may have been blended with conventional oil throughout the supply chain. The other half of the obtained palm oil is certified in the *Segregated* model (oil controlled and fully traceable to certified plantations). A third RSPO certification model, *Book and Claim*, supports the production of RSPO certified sustainable palm oil products through the sale of RSPO credits.



In 2023,

we purchased 100% of all raw materials and intermediates with certified palm oil: 42% as Mass Balance, 58% Segregated and less than 0.1% Book and Claim.

We have made it a requirement in our purchasing policy that any palm oil feedstock we purchase must be RSPO certified.



4-1140-19-100-00

Check out our progress on rspo.org

In 2024, we participated again in **WWF Palm Oil Buyers Scorecard survey**, the objective of which is to assess companies' efforts to use sustainable palm oil – our score improved significantly from 5.98 points in 2021 to 13.68 points in 2023 (out of a possible 24), which secured us a place in the middle of the pack. The Palm Oil Buyers Scorecard is an international survey that has been conducted by WWF for many years to examine the use of palm oil by manufacturers, distributors and retail chains, as well as to see what additional practices companies are undertaking toward sustainable palm oil sourcing.

We are one of the few companies from Poland to transparently share our palm oil purchasing data and sourcing activities since the fourth edition of the survey in 2020.

WWF Palm Oil Buyers Scorecard – results

Year assessed	2020	2021	2023
Wedel's score	5.5	5.98	13.68

The process of changing and replacing raw materials with certified palm oil took about a year. Since then, we have made significant progress. As an additional measure, we have taken on the challenge of assessing our suppliers for their awareness and responsible business practices. Recognizing the disparity in their efforts to source palm oil responsibly, we conduct regular surveys to assess progress and encourage responsible decision-making. In doing so, we are committed to sustainable practices and making a positive difference in the industry. Wedel's *Supplier Management Policy* has introduced a survey to control the approach of our direct suppliers of palm oil as the first recipient of oil palm raw materials. The purpose of this policy is to check to what extent the origin of palm oil is known to our suppliers and what actions they take to limit the negative effects of palm oil production. Most of them promote RSPO certification, conduct direct initiatives supporting farmers, educational or environmental, identify the impact of

business activities on human rights issues and support the resolution of social problems in countries where raw materials from oil palm are sourced.

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



In 2023,

Polish Coalition for Sustainable Palm Oil organized an educational campaign targeted at Polish consumers to raise awareness and educate them about palm oil certification as the best environmental solution. Its slogans (“I’ve got oil in my head”; “Palm oil isn’t bad, it’s just the way it’s grown”), also through the use of popular online communication channels and the involvement of influencers, were intended to bring the subject of palm oil sourcing and its sustainable origin closer to the public, while explaining why abandoning its use is not the right solution. Wedel, together with other Coalition members, supported the creation of the campaign, promoted it through its communication channels and shared its knowledge and experience of the practical use of palm oil in industrial production.

Internal indicator 4



Commitment to eliminate cage eggs

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

In order to bring us closer to fulfilling the declaration signed by Wedel, in 2023 we started working with new suppliers and negotiated the terms of previously concluded contracts, included the transition to cage-free raw material in the annual budget, and increased orders for eggs from alternative sources.

As a result of these actions, in early 2024 we fully abandoned caged eggs in favour of barn eggs in 147g *Biszkopty Wedlove (sponge cakes)* with jelly covered with Wedel chocolate, which is earlier than we expected.

In 2024, a production trial was conducted on a batch of raw material from barn rearing, which ended positively. We further plan to adjust the specifications for raw materials in terms of the requirements for the purchase of barn eggs and to execute the first orders.



Non-GMO soy

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

The purpose of IP NON GMO is to objectively verify the production

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



Replacing sunflower oil with rapeseed oil

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



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

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



**Agnieszka
Nowak**

Certification
Specialist

”

Certification of raw materials is not just a formality – it is an expression of our commitment to ethical and sustainable production. By working with certification organizations such as RSPO (Roundtable for Sustainable Palm Oil), we contribute to sourcing raw materials from sustainable oil palm plantations. We believe that transparency in this regard is key to building trust with our consumers.

Materials and raw materials used

GRI 3-3, Materials 301-1, 301-2, 301-3

In accordance with our CSR strategy, in our daily activities we pay special attention to the use of materials and raw materials that are not only of high quality, but we also strive to make them more sustainably sourced.

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

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

In 2023, we used a total of 43,299 tonnes of raw materials and materials in our plant for production and packaging processes (more than 5% when compared to 2022).

301-1

Materials and raw materials used by weight* [t]

2023 (change vs 2022)	
Non-renewable	
Machine lubricants	0.2 (+100%)
Machine oils	1.4 (-)
Adhesive tapes	28.4 (+381%)
Plastics:	1,542.6 (-17%)
Aluminium tins	37.4 (-17%)
Aluminium foil	19.2 (+30%)
Total (non-renewable)	1,629.0 (-15%)
Renewable	
Raw materials (natural resources processed into products or services)	37,561 (-1%)
Water	70.2 (+3%)
Card	3,993.0 (-29%)
Paper	45.5 (+109%)
Total (renewable)	41,670.0 (-4%)
Total	43,299.0 (-5%)

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

301-2

Recycled input materials used [t]

	2023 (change vs 2022)
Total mass of raw materials/materials used	43,299.0 (-5%)
Weight of processed raw materials/input materials used:	3,430.0 (+66%)
recycled paper and cardboard used in packaging	2,519.0 (+23%)
plastics used in packaging	912.0 (8,190%)
Percentage of recycled raw/input materials used	7.9% (+3.4 p.p.)

301-3



In 2023, the percentage of recycled products as well as materials used for their packaging was **49%**.





Packaging

GRI 3-3, internal indicators 1 and 3

In line with our CSR Strategy, we are implementing a comprehensive, long-term program of environmentally friendly changes in the area of packaging (the **Eco-Packaging** program). As part of it, we are looking for new raw materials, optimizing the composition and reducing the weight of packaging, and changing packaging methods. We want all the packaging we use to be recyclable and contain recycled material.

We made a commitment to:

-  to implement an eco-packaging policy and eco-design principles by the end of 2024,
-  to ensure that 100% of the plastic packaging we put on the market is recyclable by the end of 2030 (the deadline was changed from 2025 to 2030, due to a spike in the price of raw materials, including recyclable materials).

Internal indicator 3



Since 2023, 100% of the paper collective packaging of our products will be FSC certified, guaranteeing that the paper raw material comes from sustainable sources.

We analyze current changes in EU packaging regulations. We are preparing to implement new guidelines in line with, among others, the draft PPWR (Packaging and Packaging Waste Regulation) and the proposal for a Green Claims Directive.

As of 2023, Wedel has a comprehensive eco-packaging strategy in place strategy that is in line with the assumptions of the circular economy. As part of this strategy, all goals to be achieved by the end of 2030 will be adopted, including the introduction of labelling to enable the selective collection of our packaging and the reduction of paper and plastic used; and the commensurate reduction of greenhouse gas emissions.

Changing materials to recycling materials and reducing weight of packaging

We are successively changing the packaging of the *Ptasie Mleczko*® marshmallows so that ultimately it is 100% recyclable. At the same time, we will reduce the amount of plastics used in them by about 13%. In 2023, we changed the varnishes used in the packaging from soft touch and UV varnishes to regular water-based dispersion varnishes – matte and glossy, with less adverse environmental impact. We also reduced the size of the package's die-cut and changed the material to a thinner one (coated on one side), which reduced the weight of the package. We also reduced the number of colours, from six to one, in the printing inside the carton. These measures contributed to reducing paper consumption by about 90 tons a year and facilitating the recycling process.



Implementing eco-design

The impact on the environment throughout the life cycle becomes a fundamental criterion when designing new packaging for our products (eco-design). In 2024, we are creating and implementing a company-wide sustainable packaging policy.

We also plan to link initiatives in this area with activities to reduce the organization's carbon footprint and conduct educational activities. In this way, we will have a guarantee that each packaging is created in accordance with the assumptions of eco-design.

Package labelling

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

Internal indicator 1

Percentage of packaging with less negative environmental impact in total packaging weight



Plastic packaging

6% environmentally friendly (+1 p.p.)



Paper packaging

92% environmentally friendly (no change)



Aluminium packaging

100% environmentally friendly (no change)



Steel packaging

100% environmentally friendly (no change)



**Marek
Jankiewicz**

Senior Packaging
Technologist

” Sustainable packaging is an area of our constant innovation. Our goal is to reduce the use of plastic and increase the proportion of recycled materials. Every step in this direction brings us closer to reduction of our carbon footprint and minimization of our environmental impact. We are following EU regulations in the area of packaging within the framework of the Green Deal, and aim to implement changes that are already in line with them – it's a complex, demanding and lengthy process, but we believe the efforts are worth it – for the future with pleasure.

Emissions

GRI 3-3, Emissions 305-1, 305-2, 305-3, 305-5

We consider the climate crisis to be one of the greatest challenges facing our world, which is why we are gradually reducing our carbon footprint, i.e. greenhouse gas emissions resulting from the company's operations in all scopes. We are currently working on developing the organization's approach to emissions management. In the course of the work, opportunities to reduce greenhouse gas emissions per carbon dioxide equivalent will be identified for each scope and category. Selected measures will be gradually implemented in subsequent years (in the short and long term). The project to create our approach to emissions reduction will involve representatives of all departments of the organization (along with the management staff), which will enable a comprehensive analysis and the development of realistic commitments.

In accordance with our CSR strategy, as of 2020 the electricity we buy for the needs of the operations of the Wedel factory and office is zero-emission electricity from renewable sources. The contract with our energy supplier, as certified by TGE (Polish Power Exchange), guarantees that 100% of the electricity supplied to us is generated in wind farms. This is confirmed by the document "RGP_ENERGAOB_2024-06-14_8081" (the guarantees of origin owned by Energa-Obrót S.A.).

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

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

305-5












ca. 12 thousand tonnes of CO₂e

was not released into the atmosphere in 2023 thanks to the renewable (wind) energy we buy

A stylized blue cloud shape with the text "CO2" written inside in a bold, blue, sans-serif font.

CO₂

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

-  All new cars used by our company meet the requirements of the **Euro 6** emission standard.
-  **66%** of our fleet has a hybrid system.
-  Older car models are being systematically replaced with more environmentally friendly ones.
-  We will eliminate diesel-powered vehicles from the fleet **by 2026**.
-  We enable employees to give up a company car in exchange for financial compensation, which encourages the rational and environmentally friendly management of their mobility. **16** persons have decided to take advantage of this scheme.
-  We encourage our staff to use public transportation (each employee can receive a **35% discount** on Koleje Mazowieckie train tickets). This benefit is currently used by **58** persons.
-  As a part of competitions and sporting challenges, etc., we promote cycling to work, and we also provide appropriate infrastructure;
-  In the training program for users of our cars, "*Someone is waiting for you*", we include the topic of economical driving.
-  Thanks to the implemented "Route to Market" strategy addressed to sales representatives, we have optimized travel routes, adapting activities to current needs.

305-5



As a result of these activities, we reduced greenhouse gas emissions resulting from the fuel consumption of our fleet by **30%** in 2023 (compared to the base year of 2019).

Our carbon footprint consists of:

direct greenhouse gas emissions Scope 1



Emissions from the combustion of fuels in the company's equipment and vehicles and from its industrial processes, the leakage of gases from its refrigeration systems, etc.

indirect energy greenhouse gas emissions Scope 2



Emissions associated with the production of electricity, heat, steam and cooling that the company purchases from external suppliers.

other indirect greenhouse gas emissions Scope 3



Other emissions from sources that the company can influence but is not directly responsible for, e.g. emissions related to the production of packaging used by the company or the distribution of its products.

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

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

The greenhouse gases included in the analyses are CO₂, CH₄, N₂O and gases contained in the released refrigerants. The results of the calculations are presented in carbon dioxide equivalent (CO₂e), a universal unit for measuring greenhouse gas emissions.

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

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

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

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

In 2023, the measuring of our carbon footprint became a permanent fixture of internal control and sustainability reporting. Appropriate calculations were made for the factory, taking into account 100% of direct and indirect energy emissions as well as emissions from the downstream and upstream of Scope 3 areas (all relevant categories for the conducted activity were analyzed and disclosed). Some categories were averaged based on the available data from selected years, which were marked with a comment.










Also included in the measurement of the carbon footprint is the establishment of a new venture, i.e. the Chocolate Factory, which affected the changes in emissions in 2023. The data for Scopes 1 and 2 also include partial emissions of Pijalnie Czekolady Sp. z o.o.

We plan to present disclosures for these areas separately in the coming years. We

are also developing a way to calculate emission intensities separately for the above businesses.

For most Scope 3 categories, due to the inability to obtain precise data to compare emissions between years, averaging over several years has been adopted. At the same time, the company is undertaking intensive efforts to accurately collect information related to emissivity. This mainly concerns the purchase of services, non-productive material goods and transportation, for which the measurement of emissivity is the most difficult. A recalculation has been adopted due to the incompleteness of the data included in the methodology adopted so far.

Scope 3 disclosures have been made in the following categories:

-  Cat. 1 – Purchased goods and services, i.e. purchased raw materials, services and packaging,
-  Cat. 2 – Capital goods,
-  Cat. 3 – Fuel- and energy-related activities not included in Scope 1 or Scope 2 (Well-to-Tank),
-  Cat. 4 and Cat. 9 – Upstream and downstream transportation and distribution,
-  Cat. 5 – Waste generated in operations,
-  Cat. 6 – Business travel,
-  Cat. 7 – Employee commuting,
-  Cat. 12 – End-of-life treatment of sold products,
-  Cat. 13 – Downstream leased assets, i.e. use of freezers.

305-1, 305-2

GHG emission volume of LOTTE Wedel divided into emission sources according to the *location-based* method [t CO₂e]

	2019	2022	2023	Change vs 2022	Change vs 2019
Scope 1	5,263	4,705	4,838	+3%	-8%
Fuels	4,889	4,357	4,175	-4%	-15%
Natural gas	3,176	2,906	2,983	+3%	-6%
Diesel	1,616	1,165	949	-19%	-41%
Petrol	94	285	241	-15%	+156%
LPG cylinders	2.5	1.13	1.71	+51%	-32%
LPG	0.02	0.07	0.11	+57%	+450%
Refrigerants	374	348	663	+91%	+77%
Scope 2	14,574	14,158	14,438	+2%	-1%
Electricity	13,010	12,616	12,919	+2%	-1%
Thermal energy	1,564	1,542	1,519	-1%	-3%
Scopes 1 + 2	19,837	18,863	19,276	+2%	-3%

305-1, 305-2

GHG emission volume of LOTTE Wedel divided into emission sources according to the *market-based* method [t CO₂e]

	2019	2022	2023	Change vs 2022	Change vs 2019
Scope 1	5,263	4,705	4,838	+3%	-8%
Fuels	4,888	4,357	4,175	-4%	-15%
Natural gas	3,176	2,906	2,983	+3%	-6%
Diesel	1,616	1,165	949	-19%	-41%
Petrol	94	285	241	-15%	+156%
LPG cylinders	2.5	1.13	1.71	+51%	-32%
LPG	0.02	0.07	0.11	+57%	+450%
Refrigerants	374	348	663	+91%	+77%
Scope 2	16,134	1,542	1,519	-1%	-91%
Electricity	14,570	0	0	—	-100%
Thermal energy	1,564	1,542	1,519	-1%	-3%
Scopes 1 + 2	21,397	6,247	6,357	+2%	-70%

Biogenic emissions of LOTTE Wedel related to the combustion of biocomponents contained in fuels [t CO2e]

	2019	2022	2023	Change vs 2022	Change vs 2019
Biogenic emissions	72	61	51.2	-16%	-29%

305-3

GHG emissions in Scopes 1, 2, and 3 [t CO2e]

	2020	2022	2023	Change vs 2022	Change vs 2020
Scope 3	336,226	323,042	331,812		
Cat. 1. Purchased goods and services	312,386	297,066	311,360	+5%	-0,3%
Raw materials	280,341	274,144	284,590	+4%	+2%
Services	25,634	15,823	19,620	**	**
Packaging	6,411	7,099	7,150	+1%	+12%
Cat. 2. Capital goods	4,824	6,835	850	-88%	-82%

Cat. 3. Fuel- and energy-related activities not included in Scope 1 or Scope 2	1,012	1,188	1,200	+1%	+19%
Cat 4. Upstream transportation and distribution	12,216	11,904	12,300	**	**
Cat 5. Waste generated in operations	292	278	280	+1%	-4%
Cat. 6. Business travel	2	55	105	*	*
Cat. 7. Employee commuting		87		**	**
Cat 9. Downstream transportation and distribution		4,500		**	**
Cat 12. End-of-life treatment of sold products	875	1,096	1,100	+0,4%	+26%
Cat 13. Downstream leased assets	32	33	30	-9%	-6%
Scopes 1 + 2 + 3					
location-based	354,054	341,905	351,088	**	**
market-based	342,649	329,289	338,169		

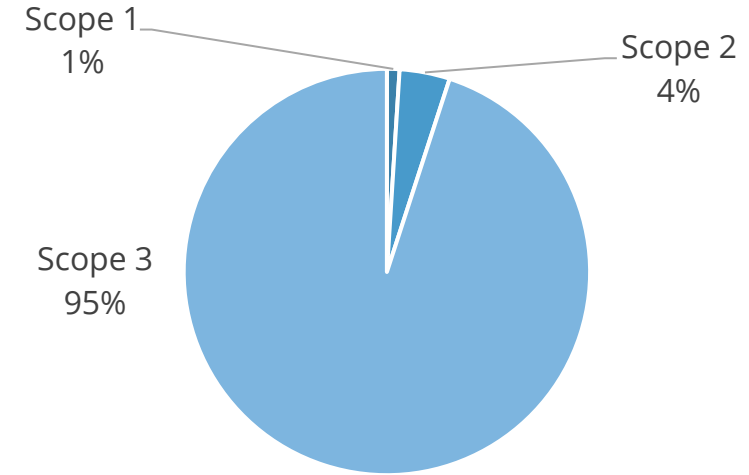
* Calculation results for business travel from 2020-2023 are not comparable due to the lower frequency of business travel caused by the pandemic.

** Calculation results have been averaged due to the lack of detailed data to allow comparison between years or because the data are estimated too much to be comparable. Comparisons of carbon footprint totals for Scope 3 were dropped due to insufficient accuracy.

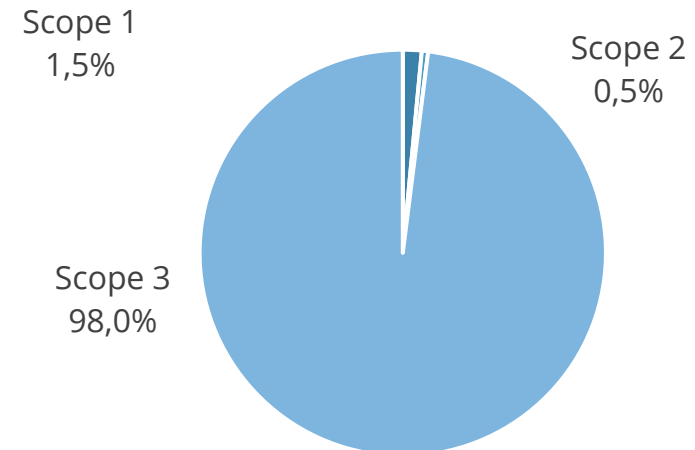
Carbon footprint emissions were calculated based on two analysis methods in accordance with the GHG Protocol: *spend-based* and *average data*. Scope 3 had the greatest impact on the organization's carbon footprint, accounting for 98% of emissions (*market-based*), the vast majority of which are emissions related to purchased production raw materials.

For direct and indirect energy emissions (Scope 1 and Scope 2 market-based), the largest share of Wedel's carbon footprint comes from purchased heat and from natural gas combustion. Thanks to the purchase of electricity exclusively from renewable sources, a 100% reduction in Scope 2 emissions was achieved relative to 2019.

**Share of emission scopes in 2023
(location-based)**









**Share of emission scopes in 2023
(market-based)**



Reduction of energy needs

GRI 3-3, Energy 302-1

In our production plant and central office, numerous activities are carried out to reduce the consumption of electricity, gas, steam, hot water and process heat, the impact of which, together with the estimation of reduction possibilities, is detailed in the ongoing decarbonization project. The activities we carry out are:

-  audits of compressed air installations,
-  inspection and replacement of thermal insulation,
-  scheduling the shutdowns of air-conditioning installations,
-  flushing heat exchangers,
-  replacement of lighting with energy-saving ones (LED),
-  increasing employees' energy awareness (articles in internal communications, competitions, etc.) and regularly collecting employees' ideas for improvement, and implementing the selected improvement ideas.

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

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

302-1

Energy consumption within the organization [GJ]

	2023 (change vs 2022)
Energy from natural gas combustion	55,615.2 (+7%)
Purchased electricity from renewable sources	71,463.6 (+4%)
Purchased district heating	15,406.0 (-2%)
Total	142,484.8 (+5%)

Waste management

GRI 3-3, Materials 301-3, Waste 301-3, 306-1, 306-2, 306-3, 306-4, 306-5

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

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

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



we constantly analyze the possibilities of reducing the consumption of raw materials and materials in production processes and we monitor waste ratios on an ongoing basis,



we use usable waste, i.e. raw materials and semi-finished products that can be recycled into production (an example is the addition of crushed wafers cut from *Torcik Wedlowski* to *Baton Bajeczny*),



we use reusable pallets,



we effectively manage transport; e.g. collection of waste takes place only after the gathering of a logistic unit,



we use raw material packaging, e.g. we use empty barrels to store semi-liquid waste,



part of the packaging of chemical substances and the rolls on which the stretch film is wound are returned to the suppliers for reuse,



we reuse elements obtained from damaged/unused machines and devices (e.g. we give a second life to broken laptop batteries),




we use raw material packaging, e.g. we use empty barrels to store semi-liquid waste, products and materials no longer required that have not lost their functional properties are donated for cyclical sales to employees.

In our plant, there is a full segregation of waste divided into five segments. For their collection, we use only properly marked containers, baskets, containers, etc., thanks to which individual types of waste do not mix, which allows us to maintain high-quality raw material for the recycling process.

Places for the temporary collection of waste are properly described and protected against the influence of weather conditions and the possibility of uncontrolled leakage into the environment. Waste, by type, is transferred to verified, authorized recipients.



The largest groups of waste generated by our operations are:

 **packaging waste, of which paper and cardboard have the largest share (54% of the total weight of waste)**

 **raw materials and products unsuitable for consumption**


306-3

Waste generated [t]

	2023 (change vs 2022)
Hazardous waste	8.1 (+18%)
Waste other than hazardous waste	1,450.0 (+4%)
Total	1,458.1 (+4%)

In 2023, we recovered a total of 1,458 tonnes of waste, of which 475 tonnes were directed to disposal.

301-3

 Thanks to cooperation with a packaging recovery organization, we recovered and recycled packaging waste with a total weight corresponding to **49%** of the weight of packaging that we placed on the market together with our products.

306-4

Waste diverted from disposal [t]

	2023 (change vs 2022)	
	Hazardous waste	Waste other than hazardous
Repurposing	2.1 (+65%)	7.6 (-27%)
Recycling	0.4 (+34%)	969.4 (+45%)
Other recovery methods	4.0 (+204%)	0 (-100%)
Total	6.5 (+125%)	977.0 (-25%)

306-3

Reclaimed products and their packaging materials [t]

	2023 (change vs 2022)
Weight of packaging placed on the total market with products	5,044.2 (+25%)
Weight of packaging waste reclaimed and recycled	2,484.7 (+26%)
Percentage of reclaimed packaging waste	49% (0 p.p.)

306-5

Waste directed to disposal* [t]

	2022 (change vs 2022)	
	Hazardous waste	Waste other than hazardous
Combustion with energy recovery	0 (-100%)	473.0 (+502%)
Other recovery methods	1.6 (-)	0 (-100%)
Total	1.6 (-59%)	473.0 (+490%)

*The substantial rise in waste is due to the waste receiver's narrowing of the recovery process category from R12 to R1 for some streams.



BEST PRACTICE

MIEJ OKO NA EKO ("KEEP AN EYE ON ECO")

As part of the "Miej OKO na EKO" project, we are conducting a number of activities related to the environment, addressed to our employees.

To mark the Packaging Day in September, we organized an educational event on proper waste segregation and prepared a stationary installation dedicated to this topic. We were supported by experts from the Packaging Recovery Organization REKOPOL, who shared their knowledge and interesting facts and answered difficult questions. The event ended with a contest in which three persons were awarded prizes.

In addition, we prepared information sheets with practical tips, including for example, a link to a search engine which helps assign waste to the appropriate fraction.

#TRASHTAG CHALLENGE

In May, Wedel held the 3rd edition of the company's joint trash collection as part of the 4-day #TrashTag Challenge. Those who spent the most time cleaning up their immediate neighbourhood or collected the most waste were rewarded.

The activity was inspired by a global movement launched in 2015 – the #TrashTag Challenge, an online challenge with the goals of cleaning up the world and global education. As part of the campaign, participants clean up heavily littered areas and then post before-and-after photos with the hashtag #trashtag.



Water

3-3, Water 303-3

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

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

Consumption is optimized by, among others:

- ❖ a water recovery system from the last rinsing of the installation to its initial rinsing before the main washing in the CIP installation,
- ❖ enclosed circulation of heating media, with steam/water heat exchangers (for supplying double jackets) and for condensate return to the boiler room,

- ❖ closed chilled water circuits in cooling systems,
- ❖ Utilities Savings Program – introducing activities to achieve water consumption savings,
- ❖ internal communication to encourage employees to act together through education and inspiration.

303-3

In 2023, we withdrew a total of 70.2 MI of water, which is 3% more than the year before. It was drawn entirely from the Warsaw municipal water supply.

We keep Wedel's company vehicles clean by using manual car washes, which have a much lower environmental impact than automatic car washes. Estimated water consumption for manual cleaning is only 80-90 l, while automatic washing would require 200-300 l. **By choosing manual car washes from mid-2021 to the end of November 2022, we saved almost 224,000 litres of water**, which is confirmed by the certificate issued by the company Multiwash in October 2023.



4. Workplace



People

GRI 2-7, 2-8, 2-21, 2-30, 3-3, Employment 401-2, OHS 403-6

In the employment area, we are distinguished by a unique combination of tradition and modernity: a continuation of the long-term tradition of a responsible employer while implementing the latest solutions in the field of HR management, thanks to which we have created a working environment in which everyone feels they can positively contribute to the company.

We are inspired by the approach of the company's founders, the Wedel family, to HR matters and organizational culture. Today, their sensitivity to employee issues is reflected in an empathetic and development-friendly work environment, which consists of both ongoing HR processes and additional company-wide activities (educational, team-building, involving the entire Wedel staff).

The confirmation of the correctness of our approach to HR management are the current opinions of our employees, the impressive average **tenure of employment in the organization of 11 years**, as well as the awards we continue to receive. Obtaining the prestigious title of Top Employer 2023 is a great source of pride for all of us. We were also awarded the title of Ethical Company in the 10th edition of the competition organized by *Puls Biznesu* daily.

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



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



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

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



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





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



patronage programs for newly hired employees; and measuring their satisfaction

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

-  time to recruit – the average number of days between the publication of the recruitment announcement and the submission of a job offer to the selected person,
-  percentage of contracts renewed after the end of the trial period.

The effectiveness of processes supporting onboarding in the company, developed with the participation of employees from all three areas (office, production and sale), is measured with special surveys that all new employees receive after 2 weeks and 3 months from the time of their commencement. The scale of ratings given in the survey is from 1 (definitely not) to 5 (definitely yes). Collected answers, together with feedback from managers, represent the basis for a systematic evaluation and improvement of conducted activities.

Results of the survey for new hires

I know the mission, vision, values and rules of conduct at Wedel	4.67 (4.58 in 2022)
I know my tasks, I know what I am responsible for	4.73 (4.66 in 2022)
I know the internal procedures needed to perform the tasks in my position	4.4 (4.41 in 2022)
I know the organization, I know where to look for information or help	4.2 (4.37 in 2022)
I feel part of my team, I get the support I need	4.53 (4.58 in 2022)
I would recommend Wedel as an employer to my friends	4.4 (4.29 in 2022)

2-7



At the end of 2023, Wedel had a total of 1,157 employees under contract (70 fewer than at the same point in 2022), including 563 women and 594 men.

Total number of employees by employment contract and by gender

2023 (change vs2022)				
Type of employment contract				
	Indefinite period	Definite period	Full-time	Part-time
Women	499 (-3%)	64 (-4%)	554 (-3%)	9 (+12%)
Men	483 (-9%)	111 (-3%)	590 (-8%)	4 (-33%)
Total	982 (-6%)	175 (-3%)	1,144 (-6%)	13 (-7%)

The standard form of cooperation with our company is an employment contract. We do not make recourse to work provided in the form of self-employment, internship or apprenticeship. In justified cases, we supplement the staff with employees of temporary employment agencies (in 2023, the average number of them was 127 persons). And we commission specific activities to be performed for us in the form of a commission contract (in 2023, there were a total of 30 such cases).

One way of appreciating the work of our staff is through attractive and transparent remuneration rules. The remuneration value is determined based on the market wage for the position and the level of individual competence juxtaposed with the requirements for the function performed. Since 2018, we have cooperated with the international consultancy MERCER, which provides us with access to market data and participates as an external entity in the valuation processes for new positions (the valuation methodology is based on proven business-related factors and dimensions).

The lowest basic salary in the company is currently higher than the minimum wage by at least 25% (without taking into account the positive effect of adding bonuses and benefits). The remuneration review is carried out on the basis of salary ranges, updated on the basis of market data. We strive to ensure that the remuneration of all employees is within the pay range, and the lowest of them is closer to the middle of the range.



In 2023, the median of the total annual remuneration and bonuses of all employees in the company reached PLN 91,350, which means an increase of 9%².

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

² Both values were calculated with the exclusion of the annual salary of the highest-earning staff member, the amount of which is a trade secret.

In 2023, 56% of the employed workforce was covered by collective bargaining agreements.

The high quality of the jobs Wedel maintains also consists of a wide range of non-wage benefits provided to employees (and, in some cases, their relatives). The company has a *WorkSmile* cafeteria platform, thanks to which employees can conveniently adjust the benefits they receive to their individual needs, as well as benefits from the company's social benefits fund. Their accounts on the platform are topped up with a fixed amount every month, and occasionally – during holidays or special campaigns and competitions.

401-2

In 2023, all persons employed at Wedel under an employment contract, regardless of the period for which it was concluded and the working time, could count on the following: benefits:

HEALTH	PRIVATE MEDICAL CARE	LIFE INSURANCE	PENSION PLAN	HEALTH PROPHYLACTIC CAMPAIGNS	ADDITIONAL MEDICAL PACKAGE FOR PREGNANT WOMEN
SUPPORT AND LIFESTYLE	CO-FINANCING FOR MEALS	DISCOUNTS ON TICKETS	COMPANY CARS	BORROWING OFFICE CHAIR AND MONITOR FOR WORKING FROM HOME	ASSISTANCE AND LOAN FUND
WORKING FROM HOME	CO-FINANCING FOR HOLIDAYS	TWO HOURS FOR THE FAMILY	FLEXIBLE WORKING TIME	COMPANY SOCIAL BENEFITS FUND	EMPLOYEE VOLUNTEERING
LAYETTES FOR NEWBORNS	PARKING SPACES FOR PREGNANT WOMEN	SAFE DRIVING CLASSES	EMPLOYEE REWARD AND RECOGNITION PROGRAM		
UNIQUE TO WEDEL	CHOCOLATE BENEFITS	DISCOUNTS ON WEDEL PRODUCTS	DISCOUNT PROGRAMS	JUBILEE AWARDS	THE LEŻAK WELLBEING PROGRAM
THE ACADEMY OF JOYFUL PARENTS	ENTRY CARDS TO THE WARSAW ZOO	SPORT IS HEALTH	CO-FINANCING FOR THE MULTISPORT CARD	AMENITIES FOR CYCLISTS	SPORTS TEAMS

401-2

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

403-6




In order to facilitate our employees' access to medical and healthcare services not directly related to their professional area, we provide them with private health insurance and we organize consultations with specialists, preventive examinations and vaccinations on the premises of the plant.

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



LeŻAk, or how to live life actively

Our company has a comprehensive well-being program as part of which:

-  operates the *"Rywał"* Sports Club (currently, 7 sports sections financed by the employer, including cycling, badminton, tennis),
-  sports challenges related to health education are organized all year round,
-  employees can enjoy a massage on the premises.

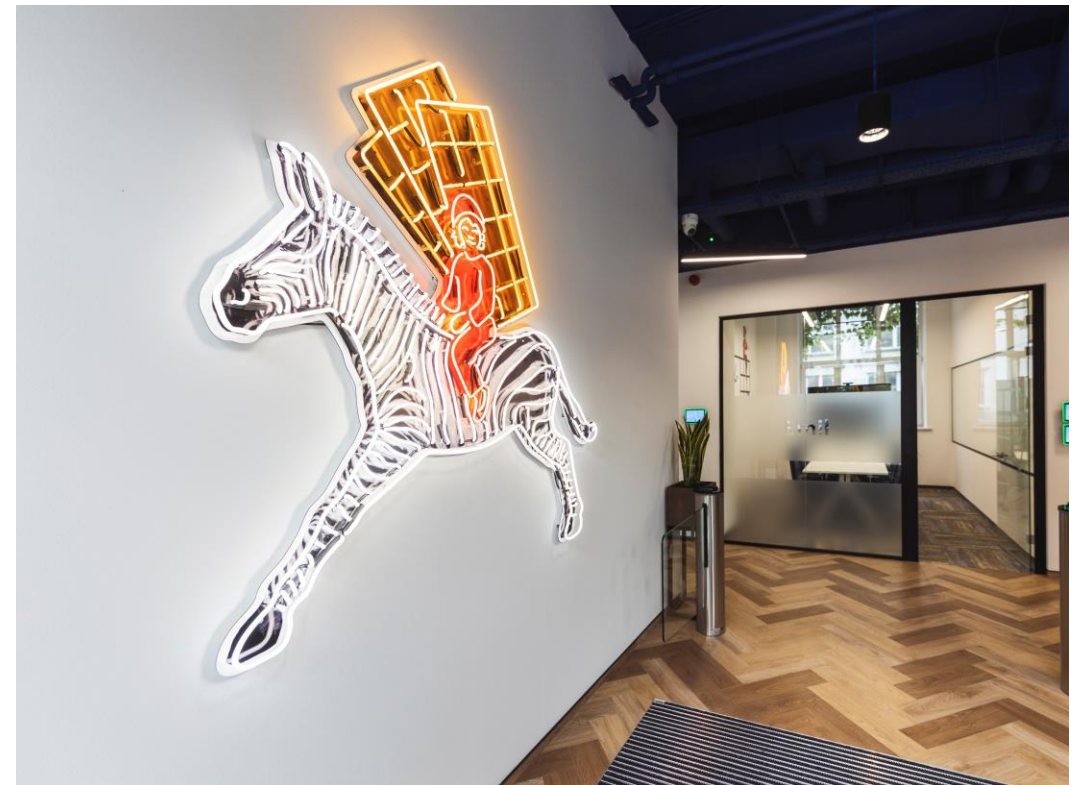
In 2023, as part of our LeŻAk well-being program, the following events and activities took place:

- 🍯 in May: 2 hours for the family action,
- 🍯 in June: *#SłodkieUsprawiedliwienie (#SweetExcuse)*, i.e. encouraging employees to spend more quality time with their children (extra 2 hours for this purpose),
- 🍯 in October: Breast ultrasound on company premises (as part of breast cancer prevention),
- 🍯 in October and November: mailing with a calendar of preventive examinations for specific genders and age groups,
- 🍯 in November: PSA test, morphology, CRP tests on the company's premises (as part of prostate cancer prevention).

Job satisfaction is also improved by other factors, including:

- 🍯 friendly office space (large amount of greenery, rooms for relaxation and quiet work, ping-pong table, vending machines with hygiene products),
- 🍯 flexible working time and possibility of hybrid work (for office workers),
- 🍯 a program of team celebration and employee appreciation, e.g. in the form of a joint integration outing (employees within their team decide what form of celebration will be best for them),
- 🍯 opportunity to engage in employee volunteering program,

- 🍯 influence on the choice of beneficiaries of aid provided by the company,
- 🍯 thematic events involving all employees,
- 🍯 competitions organized on internal platforms,
- 🍯 amenities for people who come to work on bicycles.





**Patrycja
Prewęcka**

Corporate
Communications
Coordinator

”

Building a strong employer brand is one of the key elements of attracting and retaining talent. Educational and employee development initiatives, such as those implemented by Wedel, are the foundation of effective employer branding practice. A trend worth noting is the growing need for transparency in internal communications and attention to sustainable career development for employees. Companies must not only offer attractive working conditions, but also actively involve employees in decision-making processes and care for their well-being, which in the long run contributes to building loyalty and commitment.

Occupational health and safety





GRI 3-3, OHS 403-1, 403-2, 403-3, 403-4, 403-5, 403-8, 403-9


403-8


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


403-1


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

-  regulation of health and safety issues in the work regulations,
-  organizing workstations in accordance with the principles of ergonomics,
-  keeping a register of accidents and a register of near misses, on the basis of which actions are taken to minimize the identified risks,
-  regular meetings of the Health and Safety Committee – a body consisting of representatives of the employer and employees, to whom each employee can submit their demands, and the status of its activities can be checked in a publicly available file via intranet kiosks,

 use of the *Vectio* database, which enables production staff to submit ideas to the OHS department for improvements in the field of safety and ergonomics, as well as regarding savings and quality development,

 organization of *Gemba Walks*, i.e. weekly meetings on the premises of the plant, during which persons responsible for particular areas and employees, e.g. look for ways to improve the organization of workstations, also in order to improve safety,

 implementation of the *Behavioural Safety Leadership* system, the core of which entails building a safety culture, based in particular on the setting of a good example, including by the management (as part of which, an annual implementation plan is created, containing a list of actions along with responsible persons and deadlines),

 operation of the *Active Self-Control Program (PAS)* in production areas, which assumes the performance of security audits involving both employees of these areas as well as managerial staff and supporting departments; any irregularities noticed during the audit are recorded on a board with the assignment of persons responsible for their removal and the deadline for implementation.

403-4

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

403-4

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

- via e-mails, information boards (*OHS Topics of the Week*), messages displayed on monitors (both in production and in the employee canteen),
- by direct line managers (including after each accident, during weekly Gemba Walks and quarterly communication meetings for production employees).

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

403-2

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

Occupational risk assessment is developed by a team consisting of at least three people – a representative of the OHS department and two people with appropriate knowledge of the given process. In the case of identifying risks defined as high, corrective actions are taken immediately.

Each employee is trained on the occupational risk assessment at their workplace during on-the-job training and after its updating. All occupational risk assessment sheets are publicly available on the intranet and in documentation stored in designated areas of production areas.

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

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

The post-accident team includes a representative of the OHS department and a social labour inspector. In the course of the proceedings, which also includes consultations with the team via the *Kaizen Zone* (meetings attended by representatives of production, maintenance, process engineering, and continuous improvement), the causes of the incident and corrective actions are determined.

Near miss situations are each time analyzed by the OHS department with the support of the immediate line manager of the reporting person or other required persons. Each reported event is entered into the Accident or Near Miss register.

403-3








At Wedel, responsibility for health and safety issues is entrusted to the Health and Safety Department. Its responsibilities include:

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



403-5

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

-  introductory health and safety training required by law (general and on-the-job training) and periodic training,
-  training aimed at obtaining specific qualifications by employees,
-  annual training for employees of production, warehouses and technical departments, devoted to the regulations and principles of safe work and internal procedures,
-  for the interested – training in first aid, use of fire extinguishers and safe driving (for users of fleet vehicles),
-  practical evacuation drills and what to do in the event of a fire,
-  thematic training, e.g. devoted to the ergonomics of workstations equipped with screen monitors,
-  one-element lessons, i.e. short training classes focused on one specific topic.

403-9



In 2023, there was not a single accident at our facility that resulted in the death or serious injury of an employee or a member of the subcontractor's staff. Other injuries included superficial injuries to the wrist and hand, fractures, dislocations of the ankle joint, chemical burns and exacerbation of a degenerative condition.



403-9

Work-related injuries

	2023 (change vs 2022)	
	Full-time employees	Other employees
Number of fatal accidents in the workplace	0 (-)	0 (-)
Number of serious accidents in the workplace (without fatal accidents)	0 (-)	0 (-)
Number of all workplace accidents	14 (+27%)	2 (+100%)



**Magdalena
Kozłowska**

OHS and Quality
Manager

”

The safety of our employees and the quality of our products are the two priorities that we never neglect. Our work involves continuous process improvement and innovation to ensure that each product meets the highest quality standards. Compliance with health and safety rules is the foundation of our business – while taking care of the health and safety of our employees, at the same time we ensure that every stage of production is carried out in a safe and compliant manner.

Supporting employee development

GRI 3-3, Training and education 404-1, 404-2, 404-3

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

We make every effort to minimize the negative impact of development activities on the natural environment. An example of such an approach is our organization of remote training and our resignation from providing employees with educational materials in paper form. This includes the package for new hires – binders with documents have been replaced with digital versions.

For the entire organization and individual business functions, based on the needs identification process, we develop annual and quarterly development plans. Managers are responsible for examining the needs in their teams, who then take an active part in preparing plans together with the Organization Development Manager and HR Business Partners.

Once a quarter, individual business goals are also updated, which each white-collar employee works on with their line manager for a given year of work. These goals are to be ambitious, achievable and measurable, and will support the company in the achievement of its goals. These same goals will also support employees in their self-development and the setting of priorities.

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

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

- we regularly evaluate the quality of the training provided through surveys for participants,
- we assess the development of employees’ competences and skillsets (team leaders are responsible for this as part of development talks, which are held at least once a year and are a mandatory summary of the Progress Management Process),
- we have introduced a culture based on regular feedback, which allows for ongoing verification of the effectiveness and quality of actions taken,
- we monitor the turnover rate in the group of people considered to have high potential.

404-3

100% of our employees received annual performance reviews in 2023, including feedback on their professional development.

404-1



In 2023, there were an average of 17 training hours per Wedel employee (6% more than in 2022). For women, the average number of training hours was 17, for men – 18.

404-1

Average hours of training by employment category

	2023 (change vs 2022)
Members of senior management	17 (+6%)
Members of middle management	17 (+6%)
Other employees	17 (+6%)
Employed in the areas of HR and administration	17 (+6%)
Employed in the commercial area	17 (+6%)
Employed in the areas of finance and IT	17 (+6%)
Employed in the sales area	17 (0%)
Employed in the supply chain area	17 (+6%)
Employed in management	17 (+6%)

404-2

Employee training programs

Program	Recipients	Number of attendants
Internal Training: Project Management – practical exercises in planning and initiating projects	Project leaders	40
Internal Training: Project Management – Technical and practical aspects of scheduling using ProjectLibre	Project leaders	40
Internal Training: Project Management – Project risk and problem management	Project leaders	20
Internal Training: Project Management – Drawing conclusions from the implemented projects	Project leaders	25
Internal Training (onboarding): Project Management – Fundamentals of project management	New employees	50
Internal Training: Project Management – Project portfolio management	Project leaders, CAPEX leaders	100
Internal Training: Project Management – Benefits management in projects	Employees participating in projects	140
Internal Training: Power BI– Power BI support and data visualisation	Employees	115

Internal training: Sustainable raw materials - certification	Employees	40
Internal training: Use of Ariba Sourcing and G&B	Employees	20
Internal Training: Use of Excel at a level depending on the needs of the participant	Employees	40
Internal Training: Feedback – Receiving and providing feedback	Employees and management team	50
Internal Training: Spreading awareness of diversity and persons with disabilities and good etiquette practices	Employees and management team	50
Internal Training: Webinar – Polish News Deal, news tax regulations	Employees and management team	215
Internal Training: The onboarding process from the employer’s perspective	Management teams	20

Internal Training: Sales Academy for Territorial Sales	Sales representatives	82
Internal Training: Emotional intelligence	Sales managers and sales representatives	40
Internal Training: Professional presentations	Sales managers and sales representatives	29
Internal training: Mental health	Sales managers and sales representatives	21
Internal training: Netiquette	Sales managers and sales representatives	3
Internal Training: Sales recruitment	Sales managers	29

External training: OHS - improving professional qualifications	Employee	1
External training: OHS - fire protection systems	Employee	1
External training: OHS - machine training	Employee	1
External training: OHS - post-accident training	Employee	1
External training: Update of knowledge on the development directions of microbiological food quality research	Quality Department employee	1
External training: The use of statistical tools in research methods	Quality Department employee	1
External training: Obtaining the right to use elevators on the premises of the plant	Quality Department employee	1
External training: Update knowledge on allergen testing in food and production environment	Quality Department employee	1
External training: Developing skills and awareness of the influence of various factors on the quality of nutrient solutions	Quality Department employee	1
External training: Development of skills in identifying potential causes of errors	Quality Department employee	1
External training: UV-VIS spectrophotometry - specifics of the method	Quality Department employee	1

External training: Refreshing technological knowledge	R&D Department employee	1
External training: Refreshing technological knowledge	R&D Department employees	2
External training: Refreshing technological knowledge	R&D Department employee	1
External training: Refreshing technological knowledge	R&D Department employees	4
External training: Building self-confidence and learning public speaking	Marketing and Sales Department employees	20
External training: First Time Managers program	Managers	8
External training: Change Leader Skills Development Academy	Managers	8
E-learning: Rules for the processing of personal data in accordance with applicable law	Employees	610
E-learning : Principles of fair competition and fraud prevention	Employees	245
E-learning: Procedures regarding the company's internal purchasing policy	Employees	361
E-learning training: Business Credit Card Policies and Procedures	Employees	170

As part of the outplacement program, departing employees participate in individual sessions with consultants (preparation for recruitment, career counselling, emotional support, etc.), their profiles are promoted via the connect website (sharing job offers, participant recommendations, virtual job fairs, meetings with employers and head-hunters), and also have the opportunity to join discussion groups, webinars and seminars. Everyone we parted with as part of the reorganization availed such an opportunity, with a total of 35 people joining the program.

13 retiring employees received retirement severance pay in the amount depending on the length of service, in accordance with the Labour Code. 14 employees received severance pay for liquidation of their jobs.



Diversity and inclusion

GRI 3-3, Diversity and equal opportunity 405-1, Non-discrimination 406-1, internal indicator 6

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

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



The document commits the company and its entire workforce to act in accordance with the following jointly developed principles:



DEKLARACJA RÓŻNORODNOŚCI I WŁĄCZANIA LOTTE WEDEL

Wedel to My. Różni ludzie.

W LOTTE Wedel - firmie która różnorodność ma w DNA, chcemy, żeby każdy - choć inny - był mile widziany i równie ważny.

Jako ludzie tworzący LOTTE Wedel dostrzegamy to, co nas łączy. Jednocześnie wiemy, że wszyscy się różnimy - i właśnie te różnice są naszym bogactwem i siłą.


Różnorodność i włączenie oznaczają dla Nas, że:


-  Różnimy się od siebie. I to jest dobre!
-  Jesteśmy międzynarodowi. I czerpiemy z tego!
-  Jesteśmy ludźmi. Przede wszystkim!
-  Pracujemy w różnych obszarach tej samej firmy. I wszyscy jesteśmy potrzebni.
-  Jesteśmy w różnym wieku. I uczymy się od siebie.
-  Wyglądamy inaczej, mamy różny styl życia. I akceptujemy to.
-  Każdy ma swoją własną życiową ścieżkę. I realizuje swój plan.
-  Używamy języka, który łączy. I nie tolerujemy mowy nienawiści!
-  Jesteśmy otwarci na osoby z niepełnosprawnościami oraz kryzysami zdrowia, w tym psychicznego. I okazujemy wsparcie.
-  Reagujemy. Nie jesteśmy obojętni!


The Declaration became the basis for the creation and implementation of *Diversity and Inclusion Policy* in 2023, which comprehensively regulates all issues related to diversity and obliges all employees to comply with the principles contained therein.


In order to expand our knowledge of diversity and share it externally, in 2023 we also commissioned an external study *"Diversity and Inclusion in Organizations Through the Eyes of Employees and Job Candidates"*, which was an integral part of our communications related to the topic of diversity and inclusion.


In 2021, the Group **"Różnorodni jak Mieszanka Wedłowska"** (**"Diverse like a Mieszanka Wedłowska"**) was created in our organization from the bottom up, taking actions to promote inclusion and counteract discrimination. In 2023, a number of diversity-related activities were undertaken at Wedel under this initiative, including:

 **Diversity Day** – the first event of its kind for all male and female employees was held in the lobby of the headquarters, with thematic stations on: the idea of diversity and inclusion; disability and the *CzekoSprawni* program; internationalism in the workplace; maintaining work-life balance; the LGBTQ+ community; nutritional aspects - through the lens of vegetarians, vegans and people with food allergies. Commemorative goodies were prepared for the most active participants, and the employee cafeteria served dishes from different parts of the world that day.

 **World Suicide Prevention Day** – the team prepared communications on physical and mental health, how to respond to signs of mental crisis, and where to find help in times of distress.

 **"The many shades of diversity, or what is neurodiversity?"** – an educational campaign conducted in April, the month of autism, introducing the topic of neurodiversity. It included articles prepared by an external expert and employees who shared their experiences in internal communication channels.

 To mark the celebration of **Rainbow Friday**, which was initiated by the Campaign Against Homophobia, we prepared an educational, contextual communication. Employees were encouraged to symbolically join the celebration and show solidarity with the LGBTQ+ community by wearing a rainbow accent.

 The exhibition **"Different Faces of Patriotism"** was created on the occasion of Independence Day, based on employees' associations with words close to the concept of independence, and was intended to highlight their diversity of thinking.



The **CzekoSprawni** program supports our corporate *#Diversity* and aims to increase the employment of persons with disabilities and education in this area. As part of this initiative, we undertake a variety of activities to broadly support persons with disabilities in the labour market. Already at the stage of job advertisement we give a clear signal, that we are creating an open and inclusive work environment. In the case of office jobs, we offer a remote recruitment process, implementation and the possibility of working remotely. An important element of support for new hires is the “buddy”, i.e. a person with more experience who gradually passes on successive tasks, at a pace and form adapted to the capabilities of the person with a disability.

Under the program:

- we create opportunities to fill competency gaps, e.g. in the operation of programs necessary for work through training tailored to the needs of persons with disabilities,
- persons with disabilities can benefit from the support of a Disability Support Specialist who accompanies them from their first contact with Wedel: participating in recruitment and providing ongoing assistance in the process of onboarding and operating in the organization.



In 2023, as part of the program:

- together with the Activization Foundation, we prepared a video series *#AktiwizujeMYRekrutujeMY* with practical advice for job seekers,
- with a view to persons with disabilities employed working remotely, we conducted a virtual office walk-through,
- in cooperation with the Activation Foundation, we joined Inclu(vi)sion – a cross-sector partnership initiative promoting and implementing practices that support inclusion and equality in the workplace. The partnership will help us work toward better inclusion of persons with disabilities,
- as part of our onboarding program, new employees are introduced to the topic of disability through the “*What is disability?*” training, so they learn about effective communication and cooperation,
- 47 publications related to the program have been published.







Internal indicator 6

Percentage of persons with disabilities among Wedel employees:

- 0.85% before the start of the “CzekoSprawni” program,
- 5.79% as of 31st December 2023.

We strive to increase the percentage of persons with disabilities among our company's staff to a minimum of 6% by the end of 2026.

Thanks to the employment of Persons With Disabilities and accompanying initiatives:

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

406-1

Counteracting all forms of discrimination is based on the *Policy of Counteracting Irregularities in Employment*. In 2023, no confirmed discriminatory incidents took place at Wedel.

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

405-1

Diversity of governance bodies and employees

2023 (change vs 2022)					
	Women	Men	<30	30-50	50>
Board of Directors – without members of the Management Board*	20% (+6 p.p.)	80% (-6 p.p.)	0% (-)	40% (-31 p.p.)	60% (+31 p.p.)
Senior management	51% (+11 p.p.)	49% (-11 p.p.)	0% (-)	84% (+9 p.p.)	16% (-9 p.p.)
Middle management	55% (+6 p.p.)	45% (-6 p.p.)	5% (+5 p.p.)	76% (-6 p.p.)	18% (-)
Other employees	48% (-)	52% (-)	15% (-1 p.p.)	57% (-2 p.p.)	28% (+3 p.p.)

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

5. Social relations






Working for and with the local community

GRI 3-3, internal indicator 5

The most important pillar of Wedel's CSR strategy for 2020-2027 is "People," understood not only as employees and workers, but also the local community. The heart of Wedel has been beating in Warsaw's Praga district since the 1930s, which is why we feel so strongly connected to the neighbourhood. We focus on building long-term partnerships and supporting activities of special social importance.

Wedel's chocolate factory in Kamionek, in the Warsaw district of Praga, has for years contributed to the development of the local community, being part of Warsaw's cultural heritage. Jan Wedel spared no expense for social causes – he founded, among other things, a monument to Ignacy Jan Paderewski, sponsored the construction of the National Philharmonic Hall and the Catholic Church of Our Lady of Victory near the factory (although he himself was a Protestant). He actively supported underground activities during the war and helped artists, writers and intellectuals, providing them with a livelihood.

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

-  continuation of the **"Wedel from the Heart" grant program** (from 2021, projects may be submitted not only by our employees, but also by associations and foundations – including those operating locally),
-  closer ties with the **"Serduszko dla Dzieci" Association**,
-  participation in the **"Polish-German Gardens"** project,



activities for the benefit of the local ecosystem (in 2022, our employees built, among others, nesting boxes for birds; boxes were hung in a forest located just outside of Warsaw that had been planted by employees in the spring of 2023).



As part of the **"Wedel from the Heart" grant program**, our employees can submit original ideas for initiatives in which they would like to participate as volunteers, and then the entire company team decides in an online vote which ones will receive funding from the company. **In 2023, 20 projects were implemented with a total budget of PLN 100,000.** Activities were carried out throughout Poland and included educational activities related to breast cancer prevention, support for homeless cats in the Warsaw district of Grochów, or chocolate workshops for hospice patients.

Since 2001, we have been constantly supporting the local activities of **"Serduszko dla Dzieci" ("A Heart for Children") Association** for the education of children and young people from deprived backgrounds in Praga-Północ, carried out, among others, by community centres. In 2023, Wedel supported the Association's activities in kind and financially, including the *Serduszko Cup* football tournament.

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

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



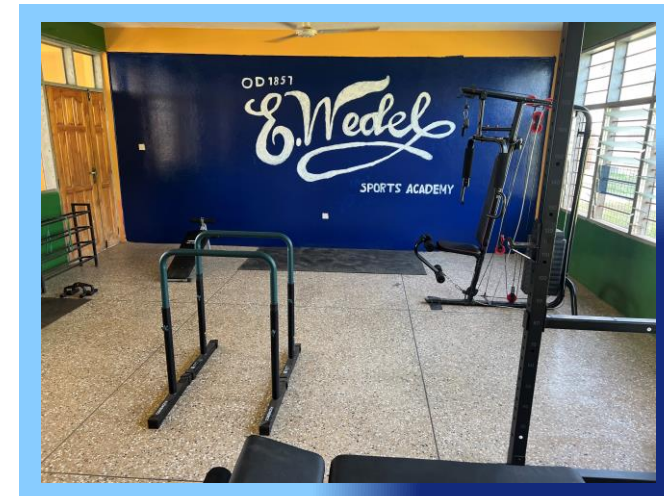
Since 2005, we have sponsored the **Wedel Run**, organized by **PTTK** in Skaryszewski Park, in the vicinity of our premises. Every year, the event gathers about 1,000 enthusiasts of outdoor physical activity, who compete in 5.4 and 9 km runs, orienteering and Nordic walking. Special routes are also prepared for children. An active group of runners who are employees of LOTTE Wedel take part, and we can generally expect to see about 50 Wedel runners line up at the starting line.



For the past 6 years, the **Good Initiatives Foundation** has been a regular partner of Wedel through, among other things, competence volunteering under the "Wedel Academy" program. In 2023, before Easter, we supported the foundation's social project *#PaczkaDlaSeniora* with a product donation of PLN 4,000 and the power of volunteers from among our company's employees, and in December, as part of the *#ChoinkaDobrychSerc* campaign, we donated candy and gift packages for more than 400 foundation wards. Thanks to financial support received from, among others, Wedel, the foundation conducted a cross-sectional social survey on the future of young people leaving foster care.

We have been a partner of **Bank Żywności SOS ("SOS Food Bank")** in Warsaw for over 20 years. Every year, we give BŻ SOS over a dozen tonnes of our products, and additionally, and this cooperation has been extended to include educational aspects, addressed to both internal and external stakeholders (an example may be the preparation of internal guides on not wasting food).

As we import our most important raw material, cocoa, from Ghana, since 2019 we have cooperated with the **Omenaa Foundation**, whose goal was to build a new school in the city of Tema in the south of the country. Together we aim to support the youngest Ghanaians in education and development. In 2023, we made a financial donation to the foundation to retrofit a sports and therapy space at the school. We also support the foundation's activities in Poland by directing aid to the Rio Edu Center in Warsaw, which currently houses refugees from Ukraine. Wedel volunteers ran chocolate workshops for them.





As part of the campaign to promote Wedel's 2022 ESG report, together with the **Dotlenieni (Oxygenated) Foundation**, we planted **2,000 young pine trees** around Warsaw in 2023, which in the future will be able to produce **280 kg of oxygen per day**. To ensure the effectiveness of these activities, we consulted with the Polish State Forests and Urban Greenery Boards, dendrologists and botanists. The people involved underwent training to learn how to plant trees correctly and the subsequent growth of trees. In addition to planting the forest, the workers installed nesting boxes for birds on the mature trees, which had been prepared several months earlier. 40 employees in all areas of the company and their families (including sixteen children) took part in the initiative.

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



In 2023,

Wedel made product donations worth a total of PLN 579,796.69, of which PLN 529,284 was the value of product support donated to the SOS Food Bank in Warsaw. Financial donations totalled PLN 314 thousand. PLN 150 thousand was allocated to the “Wedel from the Heart” grant program, and the remaining amount was donated to various NGOs.

Knowing that moments spent together are the best gift, in celebration of Children's Day, Wedel organized the **#Słodkie usprawiedliwienie** (*#SweetExcuse*) campaign. Its goal was to encourage parents to leave work 2 hours early or take a day off to celebrate with their children. This was made possible by a “sweet excuse” written by the children and handed to their parents’ superiors. The excuse form was available on the campaign's website, and its communication used, among other things, the LinkedIn channel to reach out to other organizations – Wedel's Managing Director was an active promoter of the initiative and, through his social media account, urged other CEOs to participate.





**Karolina
Kopińska**

ESG Coordinator

”

The introduction of sustainable practices into all areas of our business is a long-term process that we prioritize. Every action we take within the ESG framework is designed not only to improve our environmental impact, but also to build valuable relationships with those around us. Innovation in sustainability is the key to the future of business, and we are determined to make these changes.

Partnerships

GRI 2-28

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

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

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








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



Stakeholders

GRI 2-29

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

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

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

The CSR strategy prepared in 2020 was entirely based on information obtained during the Social Dialogue, carried out in accordance with the ISO 26000 standard.

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

6. About the report



Process for defining material disclosures

GRI 2-1, 2-2, 2-3, 2-4, 2-5, 3-1, 3-2

This sustainability report includes data for 2023 from LOTTE Wedel Sp. z o. o. The report does not include data from the subsidiary Pijalnie Czekolady Sp. z o.o., which reports its financial data separately.







The report was prepared in accordance with GRI Standards 2021. All the presented data, both numerical and descriptive, were consulted with the employees responsible for the different areas of our business, so that they are reliable and accurate. The report has not been subject to external assurance.

The topics presented in the report cover data for the period from 1 January 2023 to 31 December 2023. LOTTE Wedel reports on an annual basis. The previous report with non-financial information was published in 2023. The data published therein do not require corrections.



In order to identify the key disclosures to be described, various groups of the company's stakeholders were engaged in the dialogue: employees, business and social partners, as well as people interested in the company's activities on the LinkedIn social networking site. In the first quarter of 2024, we conducted an online survey among external and internal stakeholders, including questions on issues defined by *Wedel's CSR strategy* and GRI Standards.

During the course of the materiality analysis, the following material topics were identified for inclusion in this year's sustainability report:

-  compliance with laws and regulations, including prevention of violations of the principles of free competition and monopolistic practices,
-  reliable marketing communication, ethical marketing and sales,
-  transparent information about products and their composition,
-  health and safety of customers using products or services,
-  taking care of animal welfare (e.g. using cage-free eggs),
-  the raw materials and materials used by the company and their recycling and reuse,
-  production, utilization and recycling of waste,
-  creating environmentally friendly packaging,
-  energy consumption, ways to reduce energy consumption,
-  greenhouse gas emissions and ways to reduce them,
-  water withdrawal and consumption, water reuse, information on waste water discharged,
-  employment in the company, including: number of new employees, staff turnover, employee benefits, return to work after parental leave,
-  creating space for employee development (training and education, supporting development and commitment),

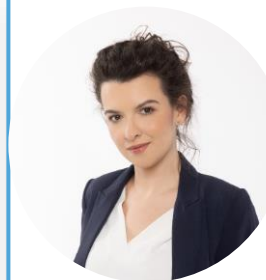
-  aid and charity activities,
-  relations with local communities (preventing negative impact on communities, engaging them in company initiatives, consultations),
-  diversity and equal opportunities in access to positions and remuneration,
-  preventing discrimination, including in relation to people with disabilities,
-  responsible sourcing of raw materials,
-  building long-term and ethical relationships with the company's partners.

The report described two material topics that did not appear in the 2022 report. These were:

-  employment in the company, including: number of new employees, staff turnover, employee benefits, return to work after parental leave,
-  building long-term and ethical relationships with the company's partners.

One topic included in the previous report (purchasing practices - assessment of suppliers in terms of employment practices, social issues and respect for human rights) was not found to be material this time in the course of the materiality analysis.

Contact



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GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	71			
Customer health and safety						
GRI 3: Material Topics 2021	3-3	Process to determine material topics	24-25			
GRI 416: Customer Health and Safety 2026	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	25			
Marketing and branding of products and services						
GRI 3: Material Topics 2021	3-3	Process to determine material topics	22			
GRI 417: Marketing and Labelling 2016	417-3	Incidents of non-compliance concerning marketing communications	22			

Environmentally friendly packaging						
GRI 3: Material Topics 2021	3-3	Process to determine material topics	36-38			
Internal indicator 1		Percentage of environmentally friendly packaging	37			
Informing on the composition of products						
GRI 3: Material Topics 2021	3-3	Process to determine material topics	23			
Internal indicator 2		Rules for informing about the composition of products	23			
Responsible material sourcing						
GRI 3: Material Topics 2021	3-3	Process to determine material topics	29-33			
Internal indicator 3		Percentage of certified raw materials obtained	30			
Animal welfare						
GRI 3: Material Topics 2021	3-3	Process to determine material topics	32			
Internal indicator 4		A list of animal welfare commitments	32			
Local communities						
GRI 3: Material Topics 2021	3-3	Process to determine material topics	73			
Internal indicator 5		List of initiatives for local communities	73-75			

**| Panie Janie,
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