



Report 2022

The report has been written with
reference to Global Reporting Initiative
(GRI) Standards 2021



President's Letter



I have the special pleasure of sharing with you this ESG report that outlines the environmental, social and governance aspects in Velvet CARE. This is our fourth annual report, yet it is for the first time that we share it with the stakeholders in general. It was prepared on the basis of the most recent version of the Global Reporting Initiative (GRI) Standards.

As a modern company, we are aware of the environmental impact, and we consistently follow the path set out in our sustainable development strategy, Eco Agenda 2025. Our motto is “Achieve More with Less”. We want to develop continually, and we are aware that it requires a number of responsible decisions. In Velvet CARE, we invest in verified, modern and highly-efficient

technologies and infrastructure, ensuring minimum impact on the environment. We are proud to belong to a group of companies that calculate their carbon footprint and prepare climate neutrality strategies. High ESG standards are permanent elements of our policies and procedures and key decision processes in the company. Assessment of climate risks and opportunities, analysis of impacts in the value chain, performed in 2022, along with specification of ESG risks and our liabilities at every stage of the chain are some of the processes from this realm described in the report.

We believe that striving for dynamic development and building a modern and competitive organisation is only possible by means of thorough integration of ESG aspects in our managerial actions, decisions and processes. Liability in this respect rests with the Management Board, from top managerial personnel to every employee directly responsible for the implementation of ESG within their work position.

You are heartily welcome to read the report.

Artur Pielak

President of the Management Board / CEO

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About Us





Chapter content:

Highlights

Mission, vision, values and Management Board - basic information about us, what we are guided by and the purpose of our existence.

ESG in company strategy

Correlation of our business strategy and the environmental, social and governance aspects closely related to this.

History and development

Highlights of the organisation's development over time.

Key awards in 2022

Presentation of key awards and distinctions earned in 2022.

Our products

Overview of our products and business lines.

Key Facts



Turnover PLN

1.2 billion

Employment
over

750

employees



2

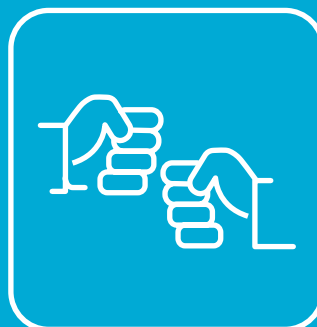
locations

Production plant in **Klucze**
and a commercial office in
Warsaw



**Eco Agenda 2025
and ESG Blueprint**

– strategic documents
regulating ESG
implementation



Over

100 years
of experience

– years of work of the
Management Board
in the Klucze plant
and the commercial
office



126 years
of the Klucze
paper mill



August 2023:

10th
anniversary of
Velvet Care

Highlights

GRI 2-1, 2-2

Velvet CARE is more than just a well-known brand. The company has over 750 employees who shape its position and values on a daily basis. Thanks to them, Velvet CARE is one of the largest manufacturers of hygiene products in Central Europe. The quality of our products is built jointly, respecting one another and bearing in mind the complex needs of the recipients of our products.

Velvet CARE has two locations.

- The first and, at the same time, the main location is the production plant that has been located in **Klucze** for 126 years - most of the employees working on our products are located here. The plant is a part of the special economic zone as part of the Kraków Technology Park.
- The second location is the commercial office in **Warsaw**.

Velvet CARE Group

Since 2020, **Velvet CARE** has not only been a company with its registered office in Poland. After the first acquisition in our history, we can proudly talk about formation of the Velvet CARE Group, which is systematically building a strong position in the region of Central Europe. Purchase of 100% of shares in the Czech MORACELL company was one of the key points of the 5-year development plan forming a part of the **Velvet CARE Strategy 2025**.

MORACELL is a family company seated in Žabčice near Brno, which is the largest manufacturer of hygiene paper products in the Czech Republic. The business model relies primarily on distribution and production of Velvet brand products for the local market, the converting of cellulose tissue, while the portfolio of products also encompasses the Big Soft brand, present primarily on the Czech and Slovak markets; at present, the company has approx. 100 employees.

In December 2022, Velvet CARE made a strategic decision and signed a preliminary purchase agreement for 100% of shares of **ALMUS**, located in Słomniki in the Małopolska Province. The company converts tissue and manufactures toilet paper and towels. It has 5 converting lines, owns the Almusso brand and manufactures the products of private labels of retail chains. It is foreseen that the finalisation of the transaction, after its approval by the Polish Office of Competition and Consumer Protection (UOKiK), will increase the processing capacity of the Velvet CARE Group by almost 40%, up to the level of approx. 250,000 tons annually.

This report includes data exclusively pertaining to **Velvet CARE Sp. z o.o.**; in the future, we are planning to expand the scope of reporting to other companies that belong to the Group.



Goal: why do we exist?

We are here to create lasting value for our consumers, employees, the communities we live in, and also for business partners and investors. We exist to satisfy the vital everyday needs of all those, who choose our products.

Vision

We constantly want to be a leader in satisfying the needs of consumers, while remaining in harmony with the natural environment and contributing to the development of the communities we belong to. We want to be the best in every sphere of the business we conduct, thanks to our passion, our products, innovations and modern technologies.

Mission

We work for the good of our consumers and business partners as one passionate team, united around our shared values. We meet the needs of hygiene and cleanliness by offering products, which let our customers feel more comfortable and allowing them to expect more from life.

Our values



Consumer – We foresee and react to the expectations of consumers and business partners, providing the best quality of products and services always and everywhere. We place the consumers at the epicentre of everything we do, in the belief, that this is the only way to achieve long-term success.



Development – We are constantly on the lookout for new routes to perfection, with development as part of our company's DNA. We inspire each other and also our business partners to aim for it. We act quickly and effectively, setting trends and the directions of change. We share our experience, as we believe in development which will bring benefits both in terms of business and in a wider, social setting.



Team – We are one team, guided by the same values. We treat each other with respect and promote every aspect of diversity. We are responsible, honest and want to set an example to others. At Velvet CARE, each and every employee can shape reality and the experience of our team, its know-how and innovative approach form the basis of the company's competitive advantage. By learning from the best and appreciating their achievements, our goal is to encourage everyone to develop and create lasting value.



Entrepreneurship – Our company is motivated by a spirit of entrepreneurship. We make every effort to operate effectively in business, and to provide our investors with profits. We believe that economic efficiency enables us to meet even the most ambitious of challenges. It brings benefits not only to our investors, but also our employees and the communities we create.



Balance – We strive towards a balance between the natural environment, development of the communities we live in, and the business character of our activities. Progress combined with a commitment to protect the planet is our driving force. Our long-term approach is aimed not only at adherence to the applicable standards but also at creating entirely new ones. Velvet CARE's development strategy, which complies with the natural resources conservation requirements, is included in our Declaration and Eco Agenda 2025 "Achieve more with less".



Heritage – We are building the future, drawing inspiration from over 120 years of history. We have been striving for our goal step by step since 1897. proud of our successes and humbled by our experience. Rooted in our regional and European identity, united around our fundamental principles with honesty and reliability first and foremost, we are passionate about creating permanent values. For us, here and now, and for future generations.

Management

GRI 2-9



Artur Pielak

President of the Management Board / CEO

President of Velvet CARE since August 2013, before that Country Manager of Kimberly-Clark for Poland and the Baltic States. Throughout his career, he has been active in multiple business areas: marketing, sale, commerce, on the regional CEE and local level, in FMCG companies such as Nestle, Gillette, Novartis, International Paper, Unilever and Coca-Cola.

“ I took over the position of President of the Management Board of Velvet CARE in 2013 when the company was founded under a new name. In reality, however, I became involved with the paper plant in Klucze at the end of the 1990s when the company belonged to International Paper Klucze and again 11 years later when I came back in 2012 at the time of Kimberly-Clark. All in all, I've been in the business for a quarter of a century. From the very beginning, my objective has been the strategic development, prosperity of the enterprise and the creation of sustainable jobs that employees could be proud of and which they could enjoy and be satisfied with. For this reason, I find it extremely gratifying to see our amazing achievements with each of our employees making their own contribution to the company's enormous progress over the years!



Rafał Curyło

Vice-President of the Management Board / CFO

With the company for 23 years. The Klucze paper mill is his first workplace. At the present, he is responsible for finance, procurement, investments, IT and logistics. Since the moment of establishment of Velvet CARE in 2013, Curyło has served as financial director. Earlier, in the Kimberly-Clark structures, he was a long-term head of the Business Analysis division for Central Europe, and for two years served as Customer Business Unit Manager for the hypermarket channel.

“ At Velvet CARE, I feel right at home – I have worked for the company since 2000, which was the first year of my professional career. Even after so many years, the company still has plenty to offer to me – this is where I develop my skills every day, broaden my horizons and successfully face challenges. The scope of my responsibilities comprises not only finance but also developing strategies, planning new investments, logistics and purchasing. For this reason, and thanks to all the experience I have gained at Velvet CARE, I am able to meet my own expectations and those of my colleagues.



Wanda Ciesielczuk

Vice-President of the Management Board /
Production and Technical Director

With the Klucze paper mill since 2001. In 2013, Ciesielczuk completed the MBA programme at the universities of Warsaw and Illinois. In 2015, she accepted the post of Strategic Investment Director; her professional obligations included the converting, production and strategic project divisions. At the beginning of 2019, Ciesielczuk was promoted to the position of Production and Technology Director. She manages the largest (over 400 individuals) team of employees in the Velvet CARE plant. Member of the company's Management Board since 2020; in December 2022, she accepted the position of Vice-President.

“ I have been associated with the paper plant in Klucze almost from the very beginning of my professional career – since 2001. Having a diploma in process engineering with a specialisation in papermaking, I am lucky to be able to pursue my acquired profession. On a daily basis, I supervise production and technology in the plant, and I am also responsible for quality control and OHS. After almost 20 years, caring for the wellbeing of the employees is for me not so much an obligation arising from the employment contract but the result of the personal bond that connects me with them and this unique place. My source of greatest enjoyment at work is the moment a new machine starts up and the implementation of new processes.



Marcin Grabowski

Vice-President of the Management Board /
Commercial Director

With Velvet CARE (previously Kimberly-Clark and International Paper) for 25 years. 30 years of experience in business. Before serving as commercial director, Grabowski was sales director, Customer Business Unit Manager for the traditional channel, responsible for cooperation with the retail chains (e.g. Carrefour and Kaufland), as well as Regional Sales Manager between 1999 and 2003.

“ I've been with the company since the... 1990s! I started as regional sales manager in 1999, and already then I knew that I would stay “for longer” – I continuously feel that I'm building something special, and I appreciate the excellent work organisation and our amazing team. Today, I'm responsible for the commercial side of Velvet CARE. As I have been on every rung of the company's ladder, I know it inside out, and this gives me the confidence I need in my work.

ESG in company strategy

GRI 2-2, 2-5, 2-14

In Velvet CARE, growth is of pivotal importance, along with strengthening our position, continuous building of the company's value and effective business advantage; therefore, sustainable development issues have become significant elements of our strategy.



ENVIRONMENT



**SOCIAL
RESPONSIBILITY**



**CORPORATE
GOVERNANCE**

Environmental, social and governance aspects have formed a part of our activity for a long time. Care for the environment and an increase in production efficiency, being a good neighbour and care for the local community in which we operate, dialogue and respect for the stakeholders' expectations are the elements of our mode of thinking and running the business.

On the other hand, along with development and defining our goals, mission, vision and values anew, we started to include the ESG perspective in the company's governance in a more systematic and conscious way.



Governance

An important step in this respect was preparation and announcement of the sustainable development strategy, **Eco Agenda 2025**, in 2020. It covers three main areas: Product, Organisation and Inspiration, delimiting our goals and actions in each of them (see p. 30).



In 2019, we calculated our carbon footprint for the first time in scope 1 and 2, and subsequently, in 2021, we performed an analysis of climate risks and opportunities based on the Task Force on Climate-Related Financial Disclosures; since 2022, we have been calculating our carbon footprint in all 3 scopes (see p. 45).

In 2021, a new position was created, **ESG and Corporate Communication Manager**, who reports directly to the President of the Management Board and cooperates closely with selected representatives of the managerial personnel responsible for the individual E, S and G areas. Furthermore, the so-called **BLUEPRINT ESG 2025** was also prepared and is updated every year. This is the most important implementation document and a strategic roadmap encompassing key objectives, main projects and the agreed time horizon.

Reporting

The finalisation of the entire process and, at the same time, a method for evaluation and verification of our actions is implementation of the reporting process based on the **Global Reporting Initiative (GRI)**.

This report is our third yet the first publicly available comprehensive description of all ESG aspects. We used the GRI Guidelines for the first time to prepare the report in the most recent version of the standard from November 2021 (“reporting with reference to the GRI Standards”). The report encompasses a summary our actions to date, presenting numerical data in the form of a comparison for 2021 and 2022. In the work on the report, we were supported by experienced experts on ESG reporting. The report has not been verified externally. Such verification is scheduled in the coming years.



SUSTAINABLE DEVELOPMENT GOALS

We act in compliance with Agenda 2030: the initiatives and actions taken by us form a part of 11 out of 17 designated goals.

On the other hand, as part of the process of defining materiality (see p. 94, we determined four SDG – Sustainable Development Goals where our impact is the greatest, both on account of the business model and the nature of the conducted business activity, as well as the actions taken by us.

“Sustainable development and implementation of the adopted ESG strategy are the goals that we have set and that we consistently pursue. Every year offers us new challenges; the environment in which we operate is dynamically changing, forcing us to perform adjustment measures in order to be able to run the business in a healthy and sustainable manner. However, in spite of the difficult market and challenges that we face every day, we consistently follow the path of sustainable growth that we have chosen, and we are deeply convinced about its justness. Growth in harmony with nature, paying attention to the broadly understood corporate social responsibility and constant improvement of managerial standards are the pillars thanks to which we can reach further, aim higher and fulfil our most beautiful ambitions.”

Anna Lewandowska
ESG and Corporate Communication Manager



Sustainable Development Goal	Our Actions
<p>Goal 6: Ensure availability and sustainable management of water and sanitation for all</p> 	<ul style="list-style-type: none"> • Optimised level of water consumption (including re-use of water in a nearly closed circuit) • Use of state-of-the-art technologies (the new TM8 tissue machine considerably reduced water consumption per ton of tissue) • Sewage treatment plant (plant and municipal sewage)
<p>Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p> 	<ul style="list-style-type: none"> • New jobs and proper work conditions (one of the largest employers in the region) • Hiring local / domestic suppliers and subcontractors
<p>Goal 12: Ensure sustainable consumption and production patterns</p> 	<ul style="list-style-type: none"> • Eco Agenda 2025: the slogan “Achieve More with Less” sets out our path in the area of sustainable production, encompassing Product, Organisation and Inspiration • Use of 30% plastic recyclate in our packaging • Consumer education
<p>Goal 15: Protect, restore and promote sustainable use of terrestrial eco-systems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss</p> 	<ul style="list-style-type: none"> • Use of cellulose deriving exclusively from sustainable sources, from forests certified and controlled by: <ul style="list-style-type: none"> – FSC® (license No. C119667) – PEFC (license No. PEFC/32-31-086) • Use of the so-called “mill broke”, i.e. production waste for new production processes

History and development

Since the moment of establishment of our company, the overriding rule was to provide consumers with top-quality products, which is related to ongoing in-

vestments in state-of-the-art available technologies, modernisation and extension of production capacity. This approach has accompanied us to this day.

Development highlights:

1897 – 1939 Beginnings – growing fame of the Klucze plant



The year 1897 marked the beginning of the existence of the Klucze plant. In 1898, the company started the first paper machine and put up the official signpost of the Klucze Paper Factory (Kluczewska Fabryka Papieru). The operation of the factory was halted due to WWI, but in 1924, it marked its presence on the European market, winning a golden medal at the exhibition in Paris.



1975 – 1995 Clear direction of development



In 1976, the first Voith tissue machine, TM6, was started up in Poland. This was the first machine of this type to produce cellulose hygiene tissue in our country. In 1991, the state-owned company was transformed into a one-person joint stock company of the Treasury under the name Kluczewskie Zakłady Papiernicze S.A.



1945 – 1974 Key contribution to Poles' education

In 1945, the state authority of the Republic of Poland became the owner of the plant. At the beginning of the 1950s, the Klucze plant received a new name, Cellulose and Paper Factory of Jarosław Dąbrowski (Fabryka Celulozy i Papieru im. Jarosława Dąbrowskiego). The printing paper from the Klucze factory was used for the production of the 12-volume Great Encyclopaedia of PWN.



1996 – 2012

Global capital, Polish brand



In 1996, International Paper (USA) became the main shareholder of Kluczewskie Zakłady Papiernicze S.A. - the largest manufacturer of off-set paper. In 1997, the Velvet brand was created in the Klucze paper mill - leader in the category of branded paper hygiene products. The first adverts of tissues and toilet paper of the brand were prepared soon afterwards. In 2003, the Klucze paper mill became a part of another American concern, Kimberly-Clark, one of the largest manufacturers of hygiene products in the world.

2018 to date

New partner, new ambitions and challenges



In 2018, VLET Holdings S.a.r.l., which belongs to Abris Capital Partners, purchased a majority shareholding stake in Velvet CARE Sp. z o.o. The new owner embarked on a 5-year development plan, which is an element of the Velvet CARE 2025 Strategy. Three new processing lines were started up in the Klucze factory between 2018 and 2020. In 2020, Velvet CARE acquired 100% of the shares in MORACELL, the largest converter of paper hygiene products in the Czech Republic. This was the moment the Velvet CARE Group started to form. In 2021, the third tissue machine (TM8) was launched in the Klucze plant. Once again, it considerably increased the company's production capacity and allowed it to look into the future with ambition



2013 – 2017

Independence and great investments in growth

2013 marked the beginning of the company in its present-day shape: Velvet CARE came into being by means of a so-called managerial buy-out. This was the beginning of the company's first cooperation with a private equity fund, Avalon. A strategic development path was designed, the beginning of which was formulation of an investment plan worth over PLN 200 million. In this period, the machine park was extended to 5 modern production lines and crowned by the largest investment project in the history of the plant to-date. This resulted in the construction of a modern distribution centre (M1 warehouse) and a modern tissue machine (TM7), which considerably improved the production capacity of Velvet CARE.



Awards for Velvet brand in 2022

The year 2022 brought us many awards for our products. We are happy that consumers appreciate our efforts to provide them with top quality hygiene products. Each of the distinctions is an inspiration for us and encourages us to try harder to meet the expectations of our recipients.

In December 2021, the educational and grant programme for primary schools titled “Velvet. Five for Nature” (“Velvet. Piątka dla Natury”), followed by us, was distinguished by the jury of the “ESG Leaders” competition, organised by the Warsaw Stock Exchange, PwC and NN Investment Partners TFI.



“ESG Leader” is a title given to companies and institutions that own and implement a distinctive ESG strategy, offer innovative products and services with a positive impact on the environment and conduct effective advertising and promotional campaigns in the area of sustainable development. We are proud to be in this group.



In 2022, consumers and commercial partners appreciated the quality of the Velvet CARE products and awarded them with the following honours:



- **PRESTIGIOUS SUPERBRANDS BADGE Poland's choice for the Velvet brand.**
The consumer polls carried out by the independent Research Institute present an index of the brand power based on its awareness and the willingness to recommend it.
- **EKO MARKA 2022 (ECO BRAND) – Quality Trust. Renown for Velvet.**
Analyses carried out by Forum Biznesu (Gazeta Prawna) to select the most recognisable, ecological brands that are engaged in environmental protection, offer natural products and enjoy the recipients' trust.
- **DOBRA MARKA 2022 (GOOD BRAND) – Quality, Trust and Renown for Velvet**
category: hygiene products.
- **NAJLEPSZY PRODUKT 2022 – WYBÓR KONSUMENTÓW (BEST PRODUCT - CONSUMERS' CHOICE)**
Velvet ecoROLL toilet paper: 1st place in the hygiene products category (Wiadomości Handlowe, Wiadomości Kosmetyczne, Instytut GFK).
- **ZŁOTY PARAGON (GOLDEN RECEIPT) – Prize of Polish Merchants 2022**
for the Velvet Turbo kitchen towel.
- **KONSUMENCKI LIDER JAKOŚCI 2022 (CONSUMER QUALITY LEADER) for Velvet**
– 1st place in the “Hygiene paper product” category - golden emblem.
- **SUPERPRODUKT ŚWIATA KOBIECY 2021 (SUPERPRODUCT of “WOMAN'S WORLD”)**
in the “Children's products - hygiene product” category for moist toilet tissue Velvet Junior.

Products and sales markets

The Velvet CARE products reach Polish homes every day under the logo of such brands as Velvet and Apsik, as well as the private labels of our clients (retail chains). We feel responsible for their high quality and impact on the comfort of life of Poles. The Velvet brand has accompanied them in daily life since 1997. It was the first high quality toilet paper and tissue brand on the Polish market. A few years later, the portfolio was extended to kitchen towels.

Many of the products introduced since that time have been true innovations that changed the life of our consumers. Thanks to this, the Velvet brand has been a brand favoured by Poles for a number of years and a synonym for the category of paper hygiene products.

Our products are sold mostly on European markets, but not only. In 2022, we were present in 27 countries around the world, while export accounts for approx. 26% of our trade.

Velvet CARE operates on the market of paper hygiene products of daily use in the product categories listed below:

- toilet paper,
- moist toilet tissue,
- kitchen towels,
- facial tissues and handkerchiefs,
- cotton pads and cotton buds.



Velvet brand



Toilet paper

Velvet brand toilet paper is distinguished by velvety softness, elegant embossing and incredible strength.

A multitude of product varieties and properties to choose from - roll length, paper thickness, strength, the pattern embossed on the sheet - allows even the most demanding consumers to choose their perfect toilet paper. An extensive range of Velvet toilet paper contains products from various price segments: from economy, through mainline, up to premium.



Moist toilet tissue

Moist toilet tissue, a perfect accompaniment to traditional toilet paper, sets a new standard in hygiene and cleanliness. When used alongside standard toilet paper, moist toilet tissue brings freshness and a feeling of comfort in any conditions. The delicate sheets of the moist toilet tissue come protected in a handy packaging with a lid. Made from biodegradable and flushable non-woven tissue, they can be disposed of in the toilet after use. The product is available in 4 variants: Camomile & Aloe Vera, Intima, Pure and Junior.



Kitchen towel

Velvet kitchen towels are dependable assistants when you are cooking or doing daily cleaning chores. Among the extensive range of towel varieties, you can find the GIGA rolls and standard pack with 2 or 3 rolls.

Velvet kitchen towels are embossed with elegant patterns using special technology, which makes them highly absorbent and strong.



Handkerchiefs

Velvet handkerchiefs which are exceptionally strong and delicate, come in a few variations of format and packaging colour scheme.

Handkerchiefs have versatile uses regardless of where you are – at home, at work or out shopping. To give you a feeling of comfort and safety in unexpected situations, we have made them soft, absorbent and tough. It's good to always have them on hand.



Facial tissues

Velvet facial tissues are an exceptional product enclosed in handy and colourful boxes which can be a perfect decorative element for any interior. Made of three layers of soft tissue paper, they are absorbent and strong.

Smart and interesting graphic designs mean that Velvet has a box for everyone.



Cotton pads and buds

Velvet cotton pads and cotton buds are essential accessories in our daily hygiene routine. They are made of 100% cotton, which gives a feeling of softness and gentleness, so they are ideal for the entire family.

Sale of Velvet CARE products



27
sales markets

26%
share of export in sales

32
number of private label clients

Private labels

We also offer products sold as private labels of retailers. Our recipients are the largest commercial chains in Europe. Together, we create an offer designed for a specific market, for a given consumer, to best respond to their individual needs. We offer advice and assistance when selecting the best product solutions. We are intent on long-term cooperation and lasting relations with our clients, as well as joint development. Our private label offer includes toilet paper, kitchen towels, facial tissues and handkerchiefs.

VelvetCARE Professional

VelvetCARE Professional are products for business and institutional clients, responding to the needs of small and large entrepreneurs. These products are present in luxury hotels and boutique pensions, exquisite restaurants and food stands, in small workshops and in industry giants, as well

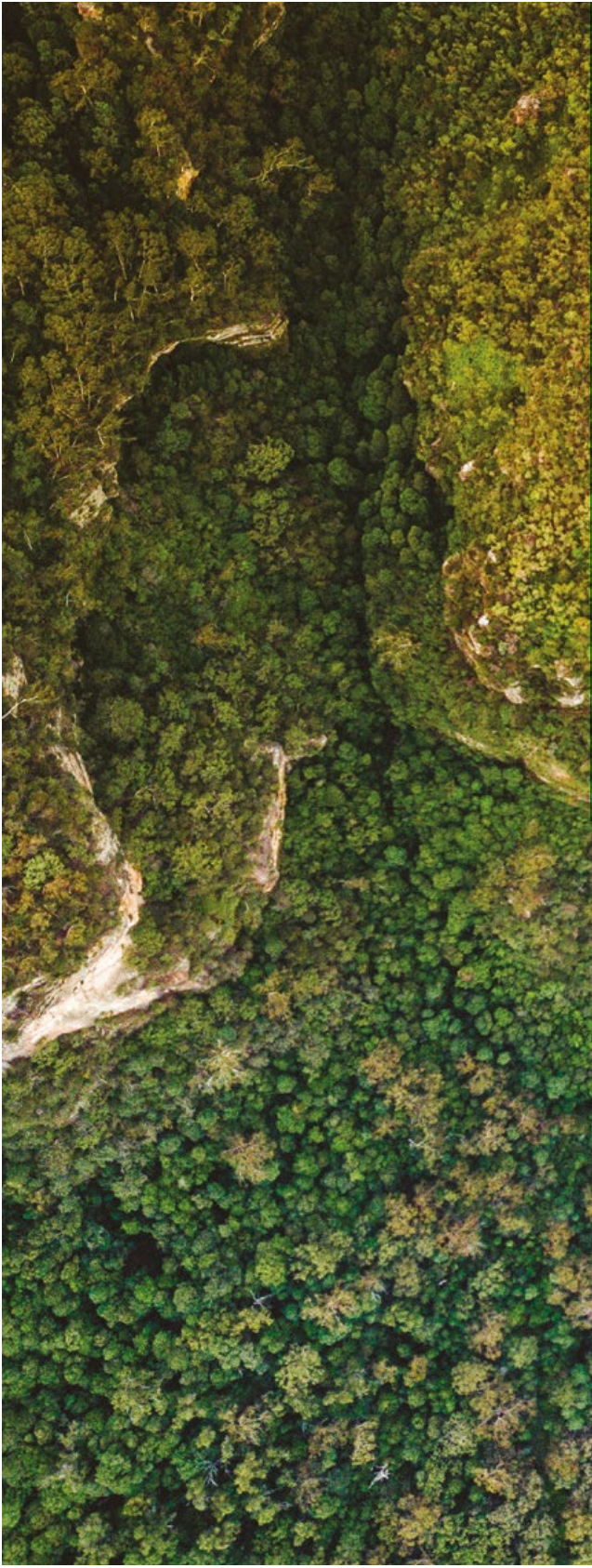
as in beauty parlours and hospitals. Our clients appreciate the quality of VelvetCARE Professional solutions irrespective of the industry. The offer also includes toilet paper, kitchen towels (in rolls and folded), industrial cleaning cloths, disposable paper sheets and universal universal tissues.





Environment





Chapter content:

Eco Agenda 2025

Our sustainable development strategy comprising 3 pillars.

Product

Quality, utility and reduced impact of our products on the environment.

Organisation

Description of pro-environmental activities and impact on the neighbourhood of the Klucze plant.

Inspiration

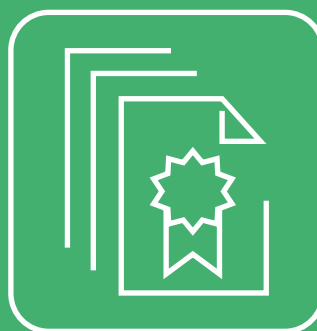
Inspiring environmental protection processes.

Key Facts



Eco Agenda 2025

Sustainable Development Strategy of Velvet CARE



Cellulose FSC®

(license No.C119667)

and PEFC

(license No.PEFC/32-31-086)
used for tissue production



Over **45%** reduction of plastic share in materials used by us since 2014

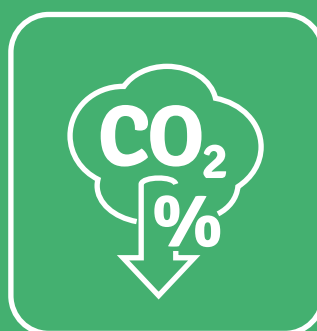


Carbon Footprint Calculation

For all 3 scopes
- implemented in 2022



52% reduction of water usage per ton of produced tissue as of 2013



Almost **49%** reduction in the level of CO₂ emission per ton of produced tissue as of 2013

Eco Agenda 2025 Declaration

"Achieve More with Less"

On the threshold of the 21st century, **we are witnessing processes that are literally damaging the Earth**, including the reduction of water resources and the extinction of fauna and flora (including the forest area reduction). We are **running out of planet resources at an alarming rate** while observing disturbing climate change.

At Velvet CARE, we are making it clear that it is **high time we started taking climate change seriously**, and we make efforts to counteract these harmful practices by **setting the goals for our own organisation** and by inspiring others in the fight for the protection of the environment.

We believe that **in the process of change, actions taken on a local scale**: household, city,

school and, lastly, company are leading to a **revolution on a macro scale**, ultimately bringing good to people at all latitudes.

At Velvet CARE, our goal is simply to **rationally distribute our resources**: work, talent, vision and voice - to support useful and smart activities aimed at protecting the environment in which we live. Sticking to **fair and transparent rules** has helped us create **a company we are proud of**. Our path and the experience gained over the years has proved that **ambitious business visions lead to spectacular successes**.

We believe that **achieving goals and inspiring changes** leading to the improvement of our natural surroundings are possible provided that **true passion and willingness to act** are involved.

We see these tasks as our **Eco-Agenda** – for here and now and for the coming years.

We start with ourselves: from our own company and own community, from **inspiring** our families, colleagues and business partners.

We strongly believe that in order to **continue holding our company's leading position** and to keep meeting the needs of our millions of consumers choosing our brands every day, **we must not only offer the best products but also serve as an example of how to protect the place that we all call home**.



Our business goals and plans reach far beyond 2025. We believe that determining the goals to be accomplished in a relatively short-term horizon of time allows not only for observing the results of daily work but also supports the introduction of changes and verification of the criteria of success.

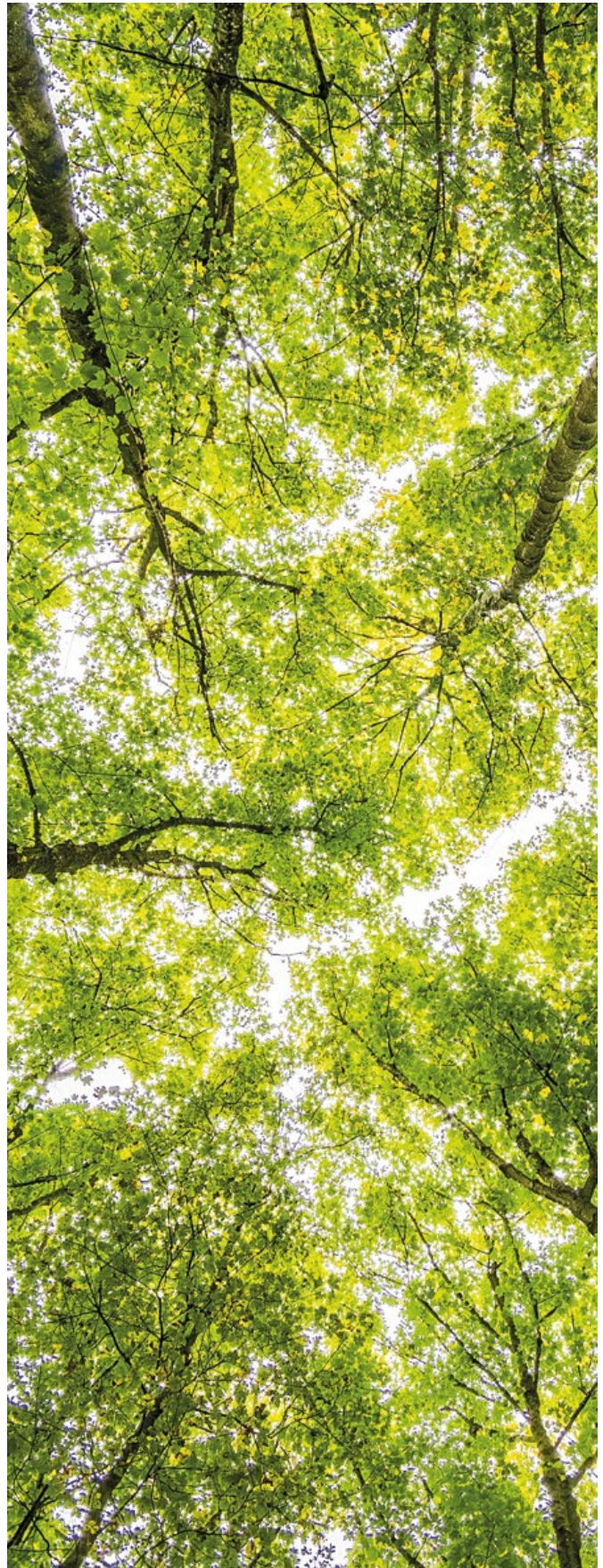
GRI 2-22

In 2020, we announced the sustainable development strategy called Eco Agenda 2025 - Achieve More with Less. This is the expression of our care for the planet and a milestone on the way to a sustainable future.



Eco Agenda 2025 comprises three pillars: areas on which we focus our activities.

- The first of them is the **PRODUCT**, as it is our ambition to make it top quality.
- The second is **ORGANISATION**, because we demand the most from ourselves.
- The third is **INSPIRATION**, because we motivate ourselves and our environment to change for the better.



Product

Creating the best product

We are proud of the quality of our products. This is the result of our passion and work that we have been engaged in within the area of innovations for years. However, the “**Best Product**” philosophy refers not only to its quality and utility. It is equally important for us to reduce the environmental impact during the product manufacturing process and its transportation. We believe that creating our offer with a thought about the “Best Product” philosophy has great significance for the conservation of nature.

We market products that make use of environmentally friendly solutions in the area of technology, packaging and materials. Our products are manufactured according to highest standards, the materials used for their production are sourced exclusively from certified sources and packaging can be recycled. Choosing the Velvet brand products, you can increase your share in activity for the sake of the environment in which we live.

The key issues on which we focus with respect to reducing the impact of products on the environment include:

- Quality as priority
- Eco-products
- Minimum plastic
- Eco-information



Quality as priority

The top quality of products with respect to sustainable development rules is the goal of our actions. In the production process, we make use of materials deriving from sustainably managed sources and controlled by institutions of international renown involved in forest management.

Our products are provided with the following certificates:

- FSC® (license No. C119667)
23% of products in 2022
- PEFC (license No. PEFC/32-31-086)
50% of products in 2022.

By using certified resources, we contribute to the protection of forest eco-systems, reducing humanity's impact on climate changes.

Forest Stewardship Council® (FSC®) and Programme for the Endorsement of Forest Certification (PEFC) are the key certification programmes in the forest industry. The certificates:

- FSC® (license No. C119667)
 - PEFC (license No. PEFC/32-31-086)
- prove that production, processing and trading in timber and forest-related products (e.g. paper) take place in compliance with the applicable regulations and that the resources derive from legitimate sources. The so-called “Chain of Custody” certificates held by Velvet CARE confirm that purchased and sold materials and timber products are derived exclusively from certified forests.*



Additionally, some Veltie products have the EU Ecolabel certificate (PL/004/002). This is a European label for products compliant with ecological requirements set by stakeholders and assessed by independent certification units. The criteria are verified every 3 to 5 years to corre-

spond to current market and consumer needs and to keep up with technological development.



EU Ecolabel: PL/004/002

GRI 301-2

Eco-products

In our pro-environmental efforts, we focus on ecological solutions and optimisation in production and packaging. We also reduce the volume of plastic used.

The solutions that we have introduced include:

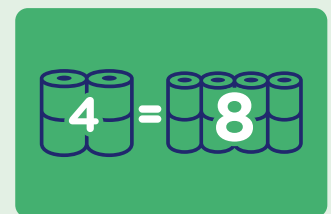
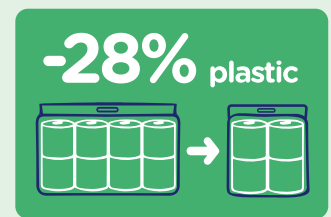
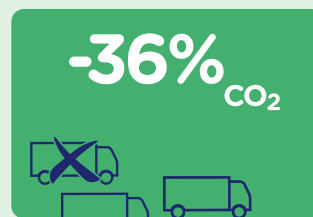
- **Changes in the structure and shape of boxes:** lower boxes allow for more efficient palletisation and packaging, which translates to a smaller number of vehicles needed for transport and lower emission of gas into the atmosphere.
- **Change in the type of varnish covering the surface of boxes:** application of fully solvent dispersion varnish (water soluble) that is more environmentally friendly than the previously applied UV varnish.
- **Use of cardboard wastepaper:** in 100% of the packaging of universal tissue, collective packaging, dividers and pallet securing corners.

Velvet ecoROLL, a short eco-story about our product

The Velvet ecoROLL toilet paper, with the SAVE NATURE mark symbolising our actions for the sake of environmental protection, is an element of a broader strategy that we intend to pursue over the coming years. We care about the sustainable use of available resources, and we believe that actions taken on a local scale may offer permanent changes on a global scale. We start the change with ourselves, among others by marketing new, ecological solutions.

Our goal was to design a product that is characterised by the quality which our clients have grown accustomed to, simultaneously using solutions reducing the harmful impact on the environment.

- In the Velvet ecoROLL packaging, the **amount of plastic was reduced by 28%** as compared to the standard product.
- The rolls of Velvet ecoROLL are wrapped very tightly, which reduces the number of trucks used for transporting them, thus reducing **CO₂ emissions by 36%**.
- In Velvet ecoROLL, we only use four cardboard tubes, and the packaging is smaller than in the case of standard paper, which **reduces the amount of waste by 43%** when using this product.

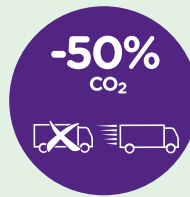
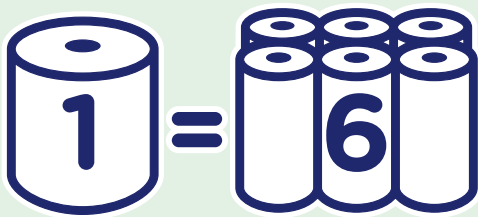


Velvet TURBO paper towel

Velvet TURBO giga roll is an extremely effective paper towel. Its durability and high performance help you quickly and efficiently clean every place in your house. Thick yet soft triple layers of white tissue paper absorb moisture perfectly. Thanks to the special technology of production, it is so durable that it can also be used when it is wet.

Economical: because it is strong and does not tear even when wet, can be used efficiently.

Ecological: instead of 6 standard rolls, there is 1 GIGA roll – which means less plastic and less waste (only one tube).



Minimum plastic

Plastic is one of the primary environmental challenges that the planet is struggling with. That is why it is so important to limit its use.

Since 2013, engaging a number of divisions and ongoing monitoring of progress, we have been working on a process limiting the amounts of purchased, used and marketed plastic.

Key initiatives in this respect include:

- **reducing the base weight of the film** used in the packaging of our products;

- Resigning from the use of collective bags in some types of palletisation (introduction of the so-called bagless pallets);
- Optimised basis weight of collective bags and stretch film used to secure the pallets;
- Introduction of film packaging where 30% of the material is recycled;
- Removal of the plastic insert in the opening of the tissue box (refers to all Velvet brand products and some private labels of our clients).

OUR ACCOMPLISHMENTS

- 45% reduction of plastic in procurement of our products in 2022 as compared to the base year of 2014.

30% share of **recyclate** i.e. **recycled material** in film in all packaging of Velvet brand toilet paper and some private label products which are manufactured for our clients - commercial networks.

Tissue box without plastic insert

We removed the plastic insert in the opening of the tissue box, at the same time changing its shape. We retained the functional properties of the opening, i.e. the tissue that is ready for use is supported, but also - thanks to the removal of the plastic - we are contributing to the reduction of the amount of plastic introduced to the market. We are also making it easier for consumers to make the used packaging ready for recycling – it is no longer necessary to separate the plastic and the cardboard in order to correctly segregate waste in a household.



Eco-information: SAVE NATURE

The SAVE NATURE mark is present on all Velvet brand products. This is a symbol of our care for the environment in five areas:

- Protection of forest resources,
- Recycling of packaging and raw materials,
- Efficient use of water in the production process,
- Reducing the amount of plastic used,
- Reducing greenhouse gas emissions.

Introduction of the SAVE NATURE mark was preceded by studies and discussions with consumers. In this way, we selected a label that was the most legible and clear, as well as which communicates the intended goals best. The proposal of placing a mark that informs others about our commitment to the environment on the packaging of Velvet brand products was received positively by the respondents.

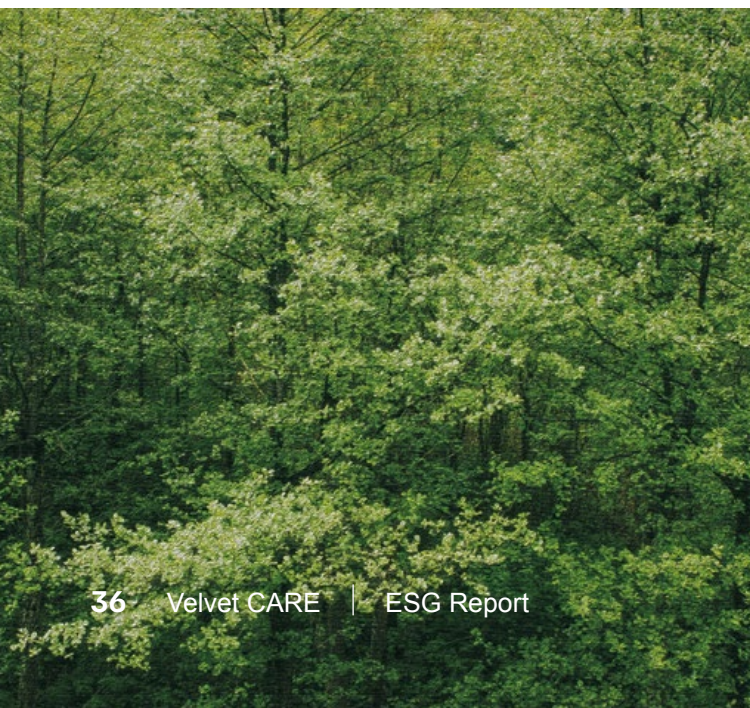
More information about our accomplishments, actions and plans related to the protection of nature is available here: www.savenature.info



In the Spotlight Research study of February 2020 carried out for Velvet CARE, as many as

92%

of the respondents correctly understood the “SAVE NATURE” slogan.



Organisation

Demanding the most from ourselves

We are aware that our activities impact the natural environment. We work persistently to reduce this impact, to improve our production and business practice and to share what we have learnt.

By 2030, we aim to accomplish the **carbon neutrality** in reference to all three scopes (scope 1, 2 and 3). To make this happen, we need ongoing analysis of accessible technological solutions in the paper industry, new investments and strategic decisions. We monitor the consumption of utilities on a daily basis, introduce optimisation and act for the sake of energy efficiency - our new production lines are more and more modern and efficient and use the best available solutions.

With respect to defining the Velvet CARE approach to climate changes, we have **identified, analysed and assessed climate risks** (see p. 98). Since 2019, we have been calculating our **carbon footprint** (i.e. emission calculation) in scope 1 and 2, and in 2022, we also prepared calculations in all three scopes (scope 1, 2 and 3) (see p. 45). This is the basis for the next steps, investments and decisions which may lead to its limitation.

We monitor and reduce pollution: we make use of the company's sewage treatment plant (which also services the neighbouring villages treating municipal sewage from households) and make use of modern gas boilers to supply

paper machines with technological steam (instead of the previously used coal-fired boilers). We implement the assumptions of the circular economy, which aims to save natural resources, to process as many materials as possible anew and to minimise waste generation. On the level of products and packaging, we minimise the quantity of plastic, take care of the sustainable origin of our materials, introduce packaging with regranulate that can be 100% recycled. In the plant, we take care of correct segregation and monitor the level of waste; we cooperate with companies that collect the segregated materials from us, as well as with the Rekopol packaging reclamation company (which, on our behalf, collects segregated waste from the market).

In the production process, we collect and subsequently use the so-called "mill broke", i.e. all products that fail to meet our quality standards created in the production processing of tissue (e.g. during start-up of the line after change of format on processing lines or after the tissue on a paper machine was torn apart). All such products with functional, visual and quality deficiencies are re-processed in the paper machine - the cellulose fibre recovered in this way goes back to the material from which the tissue is made. We wish to introduce the assumptions of a circular economy on a broader scale; we educate consumers in order to guarantee effective recycling after the products leave the gates of the Klucze factory.

Standards and certificates

Our ambition to create the best products based on environmentally friendly processes and solutions does not allow us to stop. We work in line with the most recent standards, e.g. ISO, BRC, IFS, both in the area of environmental issues and ongoing improvement of processes.

The Klucze plant has implemented, maintains and improves the following management systems:

- ISO 50001 – Energy Management System
- ISO 14001 – Environmental Management System
- ISO 9001 – Quality Management System
- BRC CP – Global Standard for Consumer Products: Personal Care and Household
- IFS HPC – Household and Personal Care Products Standard

The implemented standards undergo regular, periodical certification by renowned and specialist certification units.

Every year, apart from the internal control system, we also undergo controls by sanitary inspections and services, environmental services such as the State Sanitary Inspectorate (Sanepid) and Province Environmental Protection Inspectorate (WIOŚ). Monitoring nature protection processes is implemented on an ongoing basis, encompassing water, sewage and waste management; emission of pollution to the air and noise; technological processes and fees for the use of the natural environment.

Environmental impact management

GRI 303-1, 303-3, 303-5

Water management

Total withdrawal of water in the Klucze plant encompasses own underground water withdrawal points, where two wells are used on an ongoing basis. Thanks to this, we do not procure nor are dependent on the supply of water from third parties. Water management monitoring includes ongoing measurement of the quantity of water withdrawal and not exceeding the permissible indicators. Every withdrawal from the drilled well is fully measured; additionally, 11 water metres have been installed in the plant, which are used for balancing purposes. The quantity of collected water is recorded in the register and a monthly balance sheet. Both the permissible quantity of collected water and the scope and frequency of collecting samples are determined in the permit required under the Polish Water Law. Every month, we measure the water level in our wells.

From 2013 to date, we have reduced consumption of water per ton of produced tissue, accomplishing a result of

-52%





GRI 303-3

Water withdrawal*

	Total amount of water withdrawal (m ³ /year)		Average daily amount of water withdrawal (m ³ /day)		Water consumption per ton of produced tissue (m ³ /ton)
	Maximum permissible value	Actual value	Permissible value	Actual value	
2021	2,100,000	765,212	5,754	2,097	7.47
2022	2,100,000	969,751	5,754	2,657	6.22

*Total withdrawal of water is determined on the basis of monthly water and sewage balance. Increase of water withdrawal in 2022 as compared to 2021 results from extension of infrastructure by a new TM8 tissue machine.

GRI 303-2, 303-4, 303-5

Sewage management

The quality of treated sewage, rainwater sewage and snow-melt run-off that can be discharged to the river is specified by a permit required under the Polish Water Law. To determine the standards permissible for the quality of sewage, the profile of the “recipient” was taken into the account, i.e. in the case of the Klucze plant, the Biała Przemsza River, which flows within the vicinity of the plant. The quantity of discharged sewage is specified on the basis of water withdrawal, assuming that both quantities are equal and everything is fully measured. A balance sheet is also prepared monthly. The scope of sewage monitoring includes:

- ongoing measurement of the quantity of sewage flowing into and discharged from the treatment plant to the receiving water;
- quality analyses of treated sewage and rainwater;
- compliance with the permissible indices specified in the Water Law permit.

All sewage generated in the Klucze plant is treated in the local sewage treatment facility. Three holding tanks are installed on the rainwater network, while the rainwater and snow-melt run-off is treated in coalescence separators, preventing penetration of hydrocarbon pollution to the environment.

Biological sewage treatment facility

The Klucze plant has a mechanical and biological treatment facility operating on the basis of activated sludge. It treats sewage both from the area of the plant and municipal sewage from households from housing estates located nearby.

The Velvet CARE treatment facility has four radial sedimentation tanks with an active capacity of 1,010 cubic metres each. At the present moment, two of them are used. They have mechanical sediment scrapers where post-production sewage from the paper mill flows through the separation chamber (one of the tanks functions as a reserve tank). The remaining two are used as additional containers of technological water and a water reservoir for firefighting.

Additionally, the sewage treatment facility comprises:

- **Sludge pumping station** with two whirl pumps used to pump the primary sludge to the thickener;
- **Sludge thickener** used for gravitation thickening of sludge before its further mechanical dewatering;
- **Mechanical sludge dewatering station** that uses a filtration press;
- **Pumping stations: central and sewage from the plant** collecting domestic wastewater from the plant, administrative and service building of the treatment facility and the factory estate and rainwater from the sewage treatment facility, subsequently pumping the sewage to the mechanical screen;
- **Mechanical screen (Huber screen)** located in the collective channel on the pipe to the biological treatment plant. Domestic wastewater from housing estates and wastewater from the plant flows into the screen chamber;
- **Wastewater aeration chambers:** four active sludge chambers for biological treatment of sewage operate in the sewage treatment plant, with a fine bubble aeration system;
- **Secondary settlement tanks**, where the sludge is clarified and thickened by separation of active sludge from the treated sewage. The thickened sludge is then re-circulated to the aeration chambers, and its excess is removed from circulation (de-watered on the filtration press);
- **Recirculate pumping station** with three whirl pumps; at present, for the needs of recirculation of secondary sludge, two pumps pump the sludge to the operating chamber of active sludge;
- **Flow tank** to which wastewater from the treated wastewater tank is transferred;



GRI 302-1, 302-3, 302-4, 302-5, 305-1, 305-2, 305-3, 305-7

Energy and emissions

Our targets include a significant increase of energy efficiency and reduction of the carbon footprint. We have curbed the emission of harmful gases that in the past were related to the use of technological steam from a coal-fired boiler plant. At the moment, there are only three gas-fired plants in the factory. Each of them is located directly by the intake point, i.e. by the paper machines, which allows for maximum reduction of losses related to transmission.

Thanks to such investments, we accomplished a spectacular result of **reduction by as much as 48.8% of CO₂ emissions per ton of produced tissue** in 2022 as compared to the base year of 2013. Additionally, in relation to this change and investment in new boilers, SO₂ emission dropped by 98.9%, and NO₂ by 82.9%.



GRI 302-1

Energy consumption within the organisation*

	Unit	2021	2022
Energy	MWh	94,893.54 Klucze	141,323 Klucze
		50.94 Warsaw	53.05 Warsaw
		Total: 94,944.48	Total: 141,376.05
Gas	m3	15,660,812	23,758,326
Gas	GJ	572,246.07	868,604.39
Gas	MWh	158,957.24	241,278.99
Energy	GJ	341,800.12	508,953.78
Total consumption of electric energy and gas	MWH	253,901.72	382,655.04
	GJ	914,046.19	1,377,558.17

*Data for the Klucze plant and the Warsaw office

Use of fuels

Fuel type	Unit	2021	2022
Diesel fuel	Mg	27.87	18.57
Motor spirit	Mg	105.23	102.24
LPG	Mg	122.28	126.18
Diesel fuel (diesel pump, electric power generators)	Mg	4.61	8.47



Key investments in the area of energy efficiency in the recent years:

- Replacement of lights with **LED lights** in a part of the building in Klucze:
- Installation of a **water turbine** in 2020 using the pressure of circular water in the zone of the hard press roll of the TM7 tissue machine.

Assembly in the vicinity of the feed stream permits the capture of as much energy generated as possible. As a result, the energy demand of the plant is lower, and the recovered energy can be used to supply the main line and drives. In 2021, the turbine generated 1,493 MWh, while in 2022 - 615 MWh.

- Assembly in 2020 of the on-line **band inspection system** on the TM7 tissue machine and, in 2021, on the TM8 tissue machine. This allows for ongoing monitoring of potential defects, permitting personnel to diagnose them faster and prevent potential downtime. As a result, we minimise the number of quality defects and the level of production waste.
- By 2025, we are planning to **modernise on-site transport**, which - keeping up with the requirements of ecological standards - will be environmentally friendly. An element of the plan is automation of pallet collection from the processing lines and their transportation via a connector between the processing hall and the ready-made product warehouse, eliminating forklift and car transport.



GRI 302-3

Energy intensity

	2021	2022
Production size (tons)	89,402	138,974
Consumption of electric energy (MWh)	94,944.48	141,376.05
Consumption index MWh/ton	1.062	1.017

	2021	2022
Production size (tons)	89,402	138,974
Total energy consumption (GJ)	914,046.19	1,377,558.17
Consumption index GJ/ton	10.224	9.912

Air emission monitoring covers:

- periodical measurement of dust pollution – once a year;
- periodical measurements of emission from boilers - twice a year;
- periodical measurements of the content of oxygen, carbon oxide and water vapour in exhaust - once per quarter;
- ongoing monitoring encompassing measurement of pressure and temperature in exhaust;
- control of permissible indices.



GRI 305-7

Annual volume of dust and gas emissions for installations in 2022

Type of pollution	Permissible emission (Mg/year)	Measured emission (Mg/year)
Total dust	29.090	12.818
including PM 10	29.090	1.939
including PM 2.5	4.245	0.931
Sulphur dioxide	21.510	2.790
Nitrogen dioxide	83.415	14.890
Carbon oxide	31.800	2.620

Calculation of carbon footprint

In 2022, we calculated our overall carbon footprint for 2021 and for 2022, even including scope 3 in the calculations.

The calculations were made in line with the guidelines of the **GHG Protocol Standard**. Scope 1 and 2 were covered by full estimation, i.e. direct emissions of greenhouse gases related to operating activities and indirect emissions related to production of electricity and heat energy used by Velvet CARE. Scope 3, i.e. indirect emissions related to our activities other than emissions related to the production of electricity and heat used by Velvet CARE, was estimated on the basis of data available for selected categories, adequate for our operation.

The calculations included:

- **For Scope 1:** use of fuel: diesel, petroleum, LPG and gas; in 2022, also emission from ventilators.
- **For Scope 2:** use of electric energy in the Klucze plant and use of electricity in the Warsaw office.
- **For Scope 3:**
 Category 1 – purchased goods or services
 Category 3 – emission related to use of energy
 Category 4 – transport and distribution of purchased goods

- Category 7 – transport of employees to work
- Category 9 – transport and distribution of sold products

In scope 3, the emission from purchased resources **has the greatest impact on the carbon footprint.**

The volume of emission is reported by Velvet CARE to the National Centre for Emissions Management (Krajowy Ośrodek Bilansowania i Zarządzania Emisjami, KOBiZE) and encompasses emission from natural gas combustion and emission from power generating aggregates and pump fuelled with diesel (fire protection pumps). In turn, emissions calculated for the carbon footprint also include: LPG, diesel oil and petrol in engines of vehicles used by Velvet CARE.

In the previous years (until 2019), we calculated emissions for scopes 1 and 2, consistently updating them at the end of the year.

Over the years, thanks to subsequent investment decisions, purchase of energy efficient machines and care for a modern machine park, we have reduced the CO₂ emissions by

-48.8%

per ton of tissue produced in 2022 as compared to the base year of 2013 (scope 1 and 2).

Volume of CO₂ emissions for Scopes 1, 2 and 3

	Scope 1	Scope 2	Scope 3
2021	32,443.82 MgCO ₂ e	68,459.14 MgCO ₂ e	120,189.36 MgCO ₂ e
2022	49,040.25 MgCO ₂ e	101,649.38 MgCO ₂ e	105,266.14 MgCO ₂ e

The significant increase of emission in 2022 as compared to 2021 results from development of the machine park in the Klucze plant (the third tissue machine, TM8, began operation in December 2021).

Noise monitoring

Noise monitoring is performed during the day and at night once every two years. In 2022, the monitoring was performed again, and the results were sent to the Province Environmental Pro-

tection Inspectorate (Wojewódzki Inspektorat Ochrony Środowiska, WIOŚ) and the Marshall's Office (Urząd Marszałkowski). The results were within the permissible limits; there were no violations, and during the control, WIOŚ relinquished the control measurements.

Noise measurement

	Measurement results	Permissible value (integrated permit)
	Night-time	Day-time
Point No. P1	38.2 dB	55 dB
Point No. P2	40.7 dB	55 dB
Point No. P3	41.5 dB	55 dB
Point No. P4	40 dB	55 dB

	Measurement results	Permissible value (integrated permit)
	Night-time	Day-time
Point No. P1	38.1 dB	45 dB
Point No. P2	39.5 dB	45 dB
Point No. P3	40.5 dB	45 dB
Point No. P4	39.8 dB	45 dB

GRI 306-1, 306-2, 306-3, 306-5

Waste management

As part of waste management, we maintain quantity and quality records in the Klucze plant in the form of waste record charts, waste hand-over charts and an annual report. We are registered in the database of products and packaging and waste management database - BDO. To formally handle the issue of waste in our operation, we have implemented the Waste Management Procedure in Velvet CARE.

Key waste categories in 2022 according to quantity include*:

- Paper and cardboard packaging
- Plastic packaging
- Metal mixtures
- Sludge from the sewage treatment plant of the facility
- Iron and steel
- Timber packaging - used and damaged pallets

*Waste categories with quantity exceeding 90 Mg.
Detailed table - see pp. 53-54.



GRI 301-3

Percentage of material reclaimed from sold products and their packaging

The amount of packaging introduced to the market is specified on the basis of quantities of units (pallets) introduced to the market for a given type of product and the normative values defined for it.

Level of recycling

	In 2021 based on data for 2020		In 2022 based on data for 2021		In 2023 based on data for 2022**	
Paper, cardboard	61%	1,677,176 kg	66%	1,517,292 kg	70%	1,637,033 kg
Plastic packaging	24%	242,602 kg	30%	263,097 kg	40%	418,125 kg

** Estimated data

Biodiversity

Protected sites located in the vicinity of the Klucze plant are:

- **Nature Reserves:** Pazurek (4.53 km from the plant), Góra Chełm (7.46 km), Ruskie Góry (7.73 km), Michałowiec (8.93 km)
- **Landscape Parks:** Eagles' Nests Landscape Park (0.56 km from the plant), Kraków Valleys Landscape Park (11.58 km)
- **National Parks:** Ojców National Park - protection zone (15.84 km), Ojców National Park (18.69 km)

- **Natura 2000 sites:** Błędowska Desert (0.43 km) Jaroszowiec (2.21 km), Ostoja Środkowojurajska (5.58 km)

- **Documentation site:** Srocza Góra (18.56 km)

The description of potential significant impacts on the environment includes environmental permits and decisions on environmental determinants issued with respect to all large investments, such as construction of tissue machines TM7 and TM8.



Inspiration

Inspiring changes for the better

The challenges that we face as a society require leadership. That is why we inspire the processes of nature conservation and do not hesitate to lead them. We strive to restore ecological balance, starting from tasks that we have set for our organisation.

Knowledge sharing

We are continually expanding own competence and share knowledge with respect to the support for sustainable development and restoration of ecological balance.

Communication and education

We encourage and motivate our employees, clients and consumers to acquire knowledge. As part of internal communication, we cyclically publish educational tidbits in our newsletter. We also present useful information on the internal information boards available to our employees in Warsaw and in Klucze. Extensive actions are carried out on our social media and with the use of the website, engaging consumers (as well as employees) and encouraging them to change their habits to be more environmentally friendly. You are heartily encouraged to visit: <https://www.facebook.com/swiatvelvet> and <https://velvet.pl/dla-natury/>.

A special element for making our stakeholders aware and engaging them is Eco-Information, i.e. an initiative resulting from the assumptions of the Eco Agenda 2025, implemented as the SAVE NATURE logo, featured on all types of Velvet brand packaging and in media communication.





on a greater scale, as well as help the school become a more environmentally friendly place.

Programme areas for schools

Both the regional pilot edition and the first national edition of the programme for primary schools, “Velvet. Piątka dla Natury”, made thematic references to five areas of the sustainable development strategy, “Eco Agenda 2025”.

Second Edition of “Velvet. Piątka dla Natury.”

The 2021/2022 edition (ended in June 2022) resounded loud in educational establishments throughout the country. The information about

Velvet. Piątka dla Natury

“We act today with tomorrow in mind”

The future of our planet, i.e. the future of us and the further generations, depends on the daily actions of each of us. Climate change shows that we can no longer procrastinate with implementing ecological models of behaviour and building good habits that improve the condition of the environment in which we live on a daily basis, as well as the environment understood in global terms. So, what is the right time to start education on the right stances? As early as possible, preferably even today!

Objective of educational programme

The objective of the programme inaugurated in 2020 and titled “Velvet. Piątka dla Natury” is to **support ecological education in schools and to activate pupils and teachers to change their immediate vicinity for the better.** Thanks to this, children learn that every minor action for the sake of nature - if repeated frequently - may lead to a real change

our programme reached all primary schools (over 14,500 entities), and ultimately, it was attended by:

1,360 registered users

881 schools

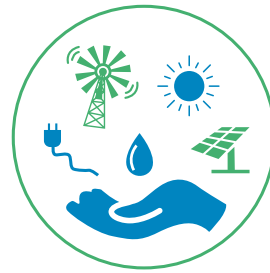
983 active teachers

256 active headmasters

As part of public voting, over 930 ths votes were cast on eco-challenges. The winner - the Michał Kajka Primary School No. 2 with integration classes in Nidzica (Class 2A) - won over 84 ths votes.

Third edition of “Velvet. Piątka dla Natury.”

In the 2022/2023 edition of our educational programme, we decided to **delve into the issue of**



Utility saving



Less/zero waste

water conservation, also expanding to other utilities, as well as wise use of natural resources, e.g. via renewable energy sources, as well as the issue of limiting production of waste by less/zero waste living and giving old and worn objects a second life.

These thematic areas are not only a response to modern environmental challenges but also to current socio-economic problems. They also meet the needs of headmasters and teachers who are trying to make schools more environmentally friendly places.

More information about the programme is available here: <https://piatkadlanatury.pl/>



Annex – data in tables

GRI 301-1

Materials used by weight or volume

Name of material	Consumption 2021	Consumption 2022
Paper machines		
Cellulose	8,997 Mg	140,141 Mg
Tubes	128,809 linear metres	381,967 linear metres
Cylinder protection agents	203 Mg	415 Mg
Wet strength resins	927 Mg	1,429 Mg
Softening agents	77 Mg	66 Mg
De-foaming agents	17 Mg	30 Mg
pH stabilisers	165 Mg	140 Mg
Processing		
Polypropylene film	2,107 Mg	2,273 Mg
Polyethylene film	56 Mg	236 Mg
Stretch film	217 Mg	245 Mg
Cardboard – cores, lids	3,844 Mg	3,801 Mg
Cardboard (other)	4,346 Mg	5,997 Mg
Paint for printing	57 Mg	59 Mg
Fragrance compositions	9.87 Mg	9.9 Mg
Cleaning agents	1.32 Mg	2.0 Mg

Types and quantities of generated waste

No.	Code of waste	Type of waste	Waste mass [Mg] 2021	Waste mass [Mg] 2022
1	03 03 11	Sludge from treatment plant in the facility other than listed in 03 03 10	2,218.880	3,104.23
			421.587 a.d.w.**	558.761 a.d.w.
2	07 02 13	Plastic waste	0	2.420
3	08 04 10	Waste adhesive and sealant other than listed in 08 04 09	1.480	0.860
4	08 01 20	Water-based suspension of paint or varnish other than listed in 08 01 19	0.990	0.020
5	12 01 02	Particles, iron dust and iron alloys	0	0.300
6	12 01 21	Grinding materials used other than listed in 12 01 20	0	0.160
7	13 01 10*	Mineral hydraulic oils	0.360	5.890
8	13 02 08*	Other engine oils, gear oils, grease	5.760	1.850
9	15 01 01	Paper and cardboard packaging	870.568	821.885
10	15 01 02	Plastic packaging	320.480	310.820
11	15 01 03	Wood packaging – used and damaged pallets	83.530	95.520
12	15 01 10*	Packaging containing remnants of hazardous substances or polluted by them	8.510	21.860
13	15 02 02*	Sorbents, filtration materials (including oil filters), wiping cloth	7.595	11.680

Types and quantities of generated waste

14	15 02 03	Sorbents, filtration materials (including oil filters), wiping cloth other than listed in 15 02 02	4.110	8.000
15	16 01 03	Used tyres	0.250	0.720
16	16 02 14	Used devices other than listed in 16 02 09 to 16 02 13	2.310	0.420
17	16 05 06*	Laboratory and analytical chemical agents	4.440	1.860
18	16 06 01*	Lead batteries	2.980	3.594
19	17 04 02	Aluminium	0.833	0
20	17 04 05	Iron and steel	42.640	127.660
21	17 04 07	Metal mixtures	218.740	242.560
22	17 04 11	Cables other than listed in 17 04 10	1.360	0
23	17 06 04	Rock wool waste	0.930	0.160
24	16 03 05* 18 01 03*	Other	1.885	1.605
25	19 08 01	Screenings	0	0.920

* Markings compliant with the Regulation of the Minister of Climate of 2 January 2020 on waste catalogue

** a.d.w. absolute dry weight

With respect to waste management, Velvet CARE uses the services of specialist companies that collect the generated waste and then recycle or neutralise it in line with applicable laws.



A vertical landscape photograph showing a vast, rolling green field in the foreground, transitioning into a line of trees and a hazy, distant horizon under a soft, golden light. The image has a slightly blurred, atmospheric quality.

Society



Chapter content:

Our employees

Basic information about Velvet CARE as an employer.

Occupational health and safety

Summary of our actions to build safety culture.

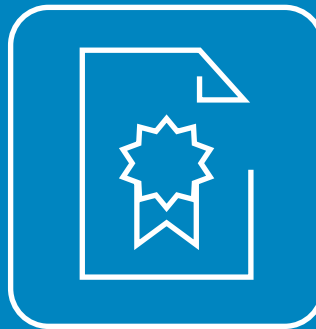
Society commitments

Description of our engagement in the local community, management of our impact on it, as well as recapitulation of the educational activity titled “Zdrowo i Sportowo”.

Key Facts



45.5%
of managerial personnel
in Velvet CARE are
women



100%
of employees receive
periodical assessment



**ISO 45001:2018,
PN-N-18002**
implemented OHS
standards



**PLN 142,
770.70**
value of material donations
handed out in 2022



45 ths
kilometres
distance covered
by employees in
the Velvet CARE Sport
Challenge



Over
6.5 ths
educational
establishments and
620 ths
children
engaged in the
"Zdrowo i Sportowo"
sports activity

Our Employees

GRI 2-7

Velvet CARE as an employer

We are proud of our team, diversified with respect to age, location and personality - this type of co-operation allows us to achieve the best results. We believe in the power of teamwork and open discussion, while different perspectives are a value and an asset of Velvet CARE.

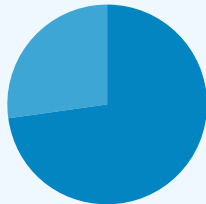
167 individuals

joined Velvet CARE in 2022

765 individuals

27% women

73% men



700 individuals
in Klucze

26 individuals
in the field

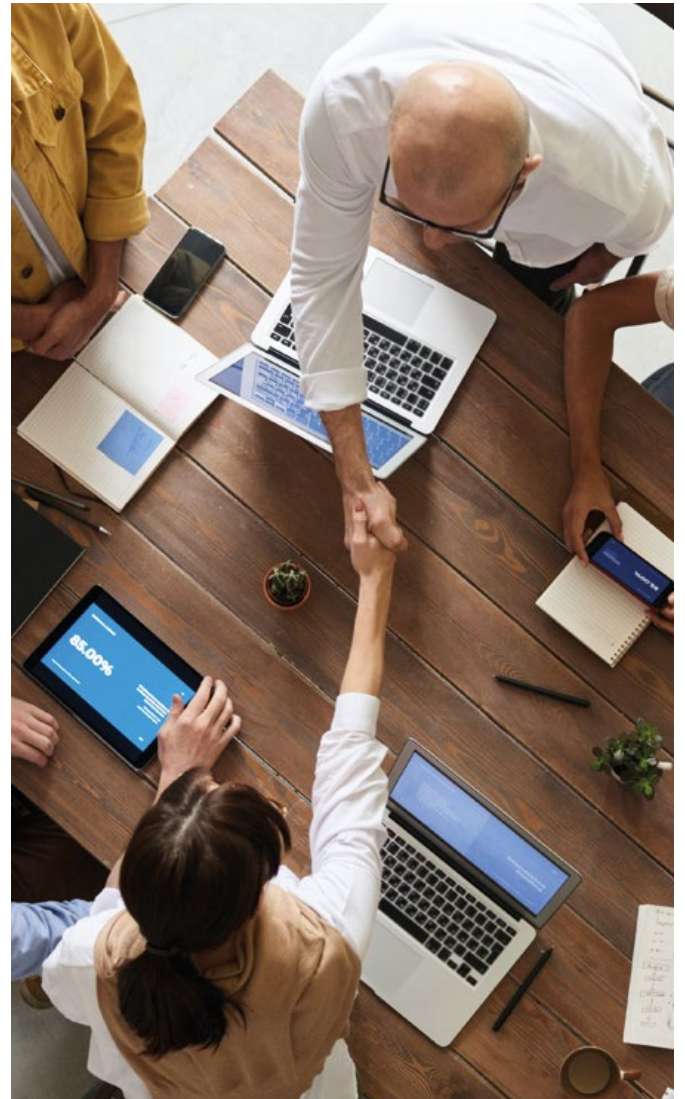
39 individuals
in Warsaw

45.5% women
in managerial
personnel

19% women
among blue-collar
workers

35.7% women
in MTM*

51% women
in the group of
specialists



*MTM – management team meeting: a team of high rank personnel

	Total 2021	Total 2022	Gender	Region			
				Klucze	Warsaw	Field	
New employees	148	167	Women	55	46	7	2
			Men	117	112	3	2
Dismissals	132*	112**	Women	25	21	3	1
			Men	87	82	3	2

*Including 47 individuals hired in 2021.

**Including 37 individuals hired in 2022.

GRI 401-1

Hiring for work

Work in Velvet CARE primarily entails a possibility of development and cooperation with many interesting people, experienced managers, as well as stability. Entire families work for us, sometimes from generation to generation. The **level of employee turnover** in 2022 was at 14%, which means a drop by 4 percentage points as compared to 2021.

For 7 years, Velvet CARE has been offering a **summer internship programme** to young people who want to make use of and verify their theoretical knowledge acquired at school and university in practice. In 2022, 12 students joined Velvet CARE; from July to the end of September, they worked in the Klucze plant during the **8th edition of the internship programme**. Many of our interns have continued to work for us to this day. Professional experience of this type is a great opportunity to get to know one another and maybe to be bound with us for longer - on the basis of an employment contract.

To reach a broad group of graduates with our offer, in particular those who are educated in areas that match our industry, **we cooperate with uni-**

versities and schools such as the Łódź University of Technology (Centre of Paper Production and Printing), Stanisław Staszic Complex of Schools No. 1 in Olkusz, the AGH University in Kraków (where we are a guest during the work fair).

As part of the programme “**Recommend a friend to work for Velvet CARE**”, we encourage our employees to recommend employment with us to their friends and families, based on the competences that we are looking for. If the recommended individual is recruited, both parties benefit from it:

- the recommending person receives a cash price for good recommendation,
- while Velvet CARE acquires a new and valuable employee.

Every new employee undergoes an **on-boarding process** and in the first hours of work is provided with comprehensive knowledge about the company during a visit to the Klucze plant; in the first month of work, he/she is supported by a buddy - a more experienced employee who acts as a guardian.

Diversity

What distinguishes our team is diversity: almost in every dimension, which determines our power and cooperation. The company's registered office is in Klucze - here, we can find many examples of families where grandfathers and fathers worked for the Klucze paper mill, and now the tradition is continued by their children. Many people have been working for us for their entire professional life.

51 years

over half a century:
the number of years between the oldest employee (born in 1954) and the youngest (born in 2004).

Our team is also the commercial office in Warsaw - here, we have specialists in the area of sales, marketing, category development, sales planning and business analyses.

An important part of the Velvet CARE team is also a group of experienced Trade Representatives who work throughout the country.

Several generations

Management of generations is a difficult and valid subject matter that is well known to people who work for the HR division in Velvet CARE on a daily basis. Our team of over 750 employees is characterised by multiple representatives of employees from almost every age group.

The issues of managing the work of multi-generation teams regularly re-surface during leader training and also offer an incentive to facilitate internal communication.

Women in Velvet CARE are:

27% of all employees

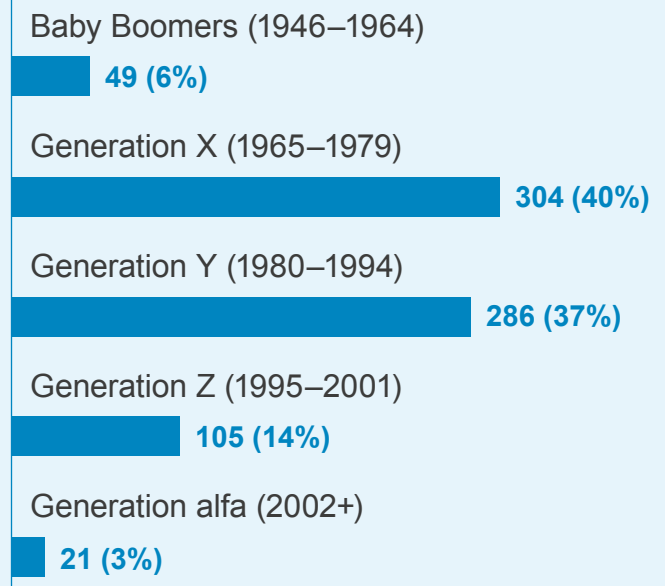
45.5% of managerial personnel

25% of the Management Board

40% of the Supervisory Board

In Velvet CARE, we regularly celebrate the work jubilees of our employees. We share such information in our newsletter that is published twice a year. The **record breakers** celebrated **45 years of work in the Klucze paper mill in 2022**. In turn, our youngest employees were born in the 21st century.

Generations Velvet CARE



Internal communication

We use diverse communication channels on a daily basis to effectively furnish the diversified group of employees with our information. Apart from standard e-mail correspondence, we also make use of dedicated tools that are available to people who do not work with computers. There are information boards in the company, we use social media and an internal newsletter (in an electronic and printed version). Higher managerial personnel are available for plant employees during cyclical office hours. There are also quarterly meetings with the Board, which provide an opportunity for asking questions and receiving answers to the employees' questions.



There are three trade unions in Velvet CARE; 21.3% of our employees belong to them. We keep an ongoing dialogue with them. The employees also use the Mattermost application - our internal communication service, thanks to which individual teams and divisions remain in touch, in spite of shift work. Mattermost is also a tool that has the function of downloading electronic versions of pay slips; you can also read current information about OHS, report a failure and offer your ideas for improvement as part of the Employee Initiative Programme.

Training and development

Development" is a crucial value for us. Having extensive resources of knowledge in the organisation. we share them during daily work when solving problems. looking for the best solutions. advising on issues in which we have expertise and passing them on to new employees. This guarantees that we continually develop.

We have implemented the **Velvet CARE Academy** programme. based on the idea of sharing knowledge and experience but also passion and issues outside of professional work. Last year. we offered primarily OHS trainings. work time training and GDPR training for managers. leaders and process engineers. **Approx. 100 people** took part in them. We have also put a **development path programme** in place for production. warehouse and maintenance employees. which is annually used by approx. 200 individuals (in 2021 - 204 individuals and in 2022 - 191 individuals).

At the beginning of the year. training sessions were offered within the scope of performance interviews. which are an element of our annual assessment process. Velvet CARE employees also have the possibility of unlimited use of the e-learning platform (Dolineo). which features a number of "soft" trainings; in 2022. the employees completed over 200 trainings there. Furthermore. they can also use a separate training website (Moodle). where we offer our signature courses. primarily devoted to OHS. procedural issues. machine servicing. quality standards and standards related to product safety or standard requirements.

Every employee participates in the **annual periodical assessment**. which encompasses several stages. The first one is the 360 degree feedback.

The next is assessment by the superior. i.e. a recapitulation of objectives met and competences for the previous year and a talk on development plans and goals for the next period.

Periodical assessment also includes **talent and successor identification**. Selected individuals receive tailored training and mentoring. Succession paths are prepared, which encompass preparation of the successor to assume the new role - the process lasts for a few years.

In 2022, our employees attended **numerous external courses and trainings** offered as part of the development plan. They included:

- Courses that end with receipt of certificates related to the use of cranes, mobile lift platforms or Certificates of the Polish Association of Electrical Engineers (SEP) (over 100 individuals);
- Specialist training related to changes in legal acts or regulations (e.g. labour law trainings, trainings on cosmetic requirements, requirements under the REACH regulation);
- Trainings for engineers and maintenance technicians (use of Fanuc robots, vibration diagnostics, trainings on automation and programming systems);
- Training for internal auditors (energy management system, material origin standards);

- English language courses;
- Coaching and mentoring.

Employees in leader positions and those who aspire to them may take part in the “**League of Effective Velvet CARE Leaders**” programme. This comprises a number of sessions during which the participants learn about tools and methodology that make the holding of the new functions easier for them. As part of the series, the employees learn tools and issues related to the following areas: leader authority, task delegation, task monitoring, communication and feedback, diversity, motivation and solving problematic issues. In 2022, approx. 50 employees took part in the series of trainings.

We have an internal promotion policy. Firstly, we publish job offers internally to make full use of our employees’ potential to offer them a possibility of development in Velvet CARE. In 2022, 191 individuals were promoted, which makes up 25% of our workforce. We are intent on internal promotions, as this is in line with one of our key values – DEVELOPMENT.



Motivation and satisfaction

Remuneration rules

The rules form an integral part of the company's remuneration policy. Its scope and changes are agreed upon together with the Trade Unions and approved by the Management Board. The Supervisory Board is informed about them and also has the right to offer suggestions and amendments. Remuneration is agreed upon as part of 10 grades, with specific minimum and maximum levels and position ranking. In the budgeting, we make use of salary reports delivered by independent, renowned companies.

Employee survey

In May 2022, we circulated the **Employee Survey** for the **seventh time**; thanks to this, our employees anonymously assessed various aspects of the organisation's operation. 286 respondents participated in the survey in 2022. Based on the information received, we are planning our next steps. We draw conclusions and set the directions of actions. Following the survey, we determine **3 main development goals for the entire organisation**, and **individual action plans** are drafted on the level of **divisions**.

Additional benefits

Apart from basic remuneration, the employees receive bonuses and extra benefits. Our team makes use of a diverse offer of **fringe benefits**, e.g. extra medical care, additional life insurance and - as part of the Company Social Benefits' Fund (ZFSS) - special benefits and loans for residential purposes or additional funds for summer holiday. Every employee can use the products manufactured by us: in the form of an allowance in kind (twice a year) or in the form of purchases in the employee store at competitive prices once every 2 or 3 months. We co-finance the Multisport or Medisport cards for active employees. The employees also can use the Employee Capital Scheme (PPK) in line with the applicable provisions of Polish law. In 2022, we introduced a transport allowance for all employees who live at a distance exceeding 10 km from the work place and have no company cars.

All full-time and part-time employees can use the benefits fully (including life insurance and private medical care). Contractors and people from a temporary employment agency are not covered by the fringe benefits for Velvet CARE employees.

In 2022, the highest grades in the 7th edition of the employee survey were given to:



Relations in own division



Familiarity with business goals



Company development



Employment stability



Overall satisfaction with workplace

Prizes

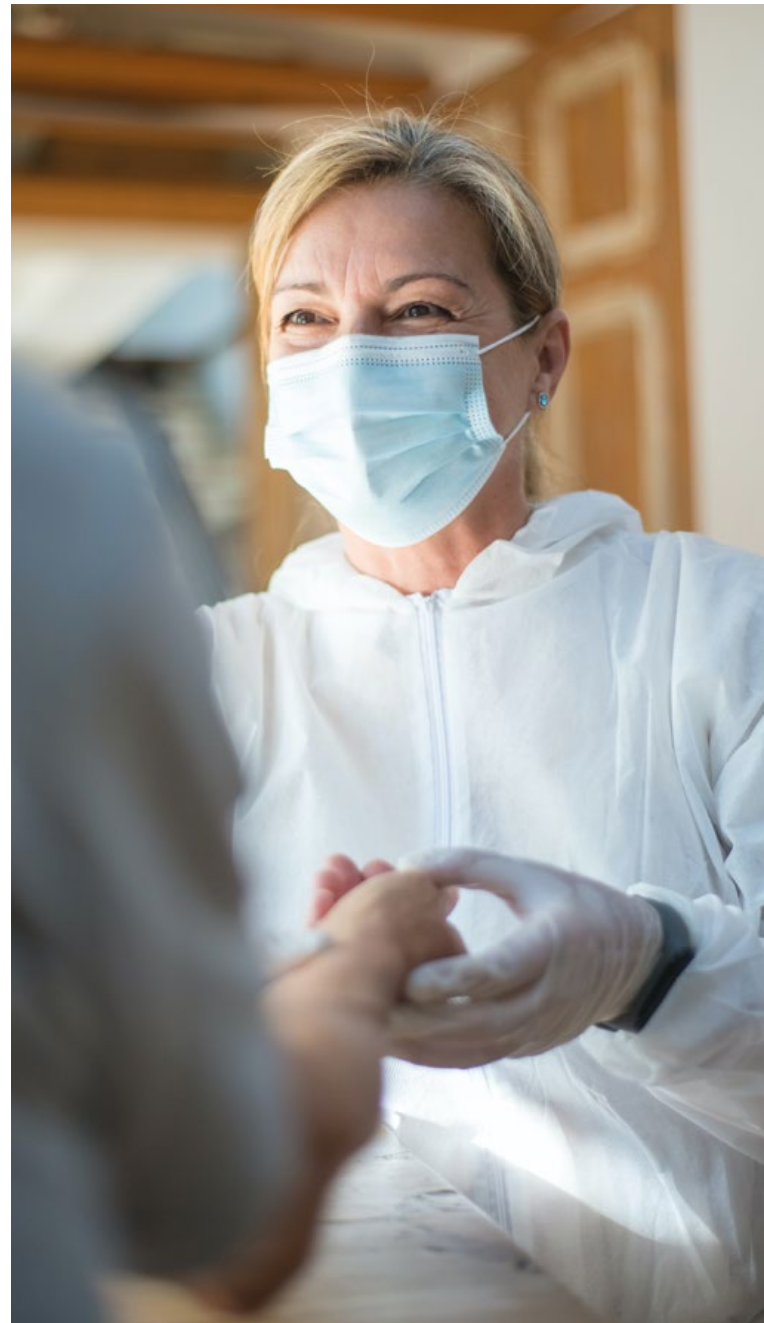
We regularly offer prizes to the employees who stand out. Every quarter, as part of the so-called “Recognition”, the employees who manifested one of our five competences in their actions in the last three months are nominated and distinguished with prizes. There are several dozen such people per quarter. The most frequently prized categories are “focus on goals” and “co-operation and communication”.

As part of the “**Employee Initiatives**” programme, we analyse ideas for improvement and every month offer prizes to those selected, which are then processed and implemented. In 2022, we changed the approach to the programme, which resulted in over 50 accepted entries and improvements initiated directly by our employees.

Healthy lifestyle promotion

Velvet CARE offers voluntary services and health-related measures for employees. They include, among others:

1. Co-financing for a package of additional medical care in private healthcare facilities (the company offers two packages and a possibility of extending the offer to family members);
2. Co-financing for sports programmes (Medisport and Multisport cards);
3. Access to rapid COVID-19 tests and COVID-19 vaccination in the company and in an outpatient clinic with which we cooperate. We have also invited the family members of our employees to cooperate with us;
4. A cancer prevention programme carried out in cooperation with the local poviát hospital;
5. Cyclical provision of the employees with vitamins and supplements that improve immunity, as well as single-use masks;
6. Organisation of sports competitions in the company (cycling, jogging, walking) to promote a healthy lifestyle (the so-called Velvet CARE Sport Challenge – a competition with prizes);
7. Cyclical information actions devoted to taking care of one’s health during the pandemic and the DDM rules (distance, disinfection, masks).



After hours

In Velvet CARE, we focus on sport and health. Every employee can take part in the **Velvet CARE Sport Challenge** and compete in jogging, cycling and walking contests. The fourth edition of the programme took place in 2022. Furthermore, football matches are organised in the sports hall and the outdoor stadium (so called "orlik"), where our employees can show off

their skills in healthy sports rivalry. The relaxed and family-like atmosphere in Velvet CARE is testified to by the fact that we celebrate Women's Day, Fat Thursday, the Feast of St. Nicholas and Christmas Eve together every year. A fixed element in the calendar is also the birthday of Velvet CARE, which falls on 1 August and is always a great opportunity to celebrate.



VelvetCARE **sport** **CHALLENGE**

Velvet CARE Sport Challenge in 2022

82 individuals

(i.e. approx. 10% of our personnel)

3 categories

jogging, cycling and walking

The total distance covered is almost

45 ths km

– more than the circumference of the Earth!



Every kilometre traversed was converted to financial support for charity initiatives chosen by our winners.



We supported the Dzieci Zdążyć z Pomocą Foundation, the Centre for Support and Therapy of Disabled Persons and Their Families in Klucze, and we assigned additional funds for Malwina, a sister of one of our employees.

Ethics

Acting in observance of the highest standards of fairness and ethics has always been a priority for us. In Velvet CARE, we adhere to the provisions of generally applicable law and internal regulations, for example the **Code of Conduct**. In our relations with clients, employees and external partners, we observe the legal provisions that apply in the countries where we operate. We respect the commitments resulting from ISO standards and certificates received.

We act in compliance with the international ethical standards. In our operation, we adhere to the Ten Principles of the UN Global Compact and do not allow for any violation of human rights.

Velvet CARE does not participate in enterprises that are in violation of the law or put our reputation at risk. We are guided by the rules of fair competition. We apply financial security measures with respect to our clients. We monitor, analyse and record the performed transactions with respect to the risk of financial abuse. We comply with the regulations on counteracting money laundering and financing of terrorism and other criminal actions.

We guarantee transparency of processes, transactions and investments, in particular by means of reliability of documentation maintained and the defined circulation of information. We protect, in line with applicable provisions, any personal data sourced by Velvet CARE.

As part of the potential abuse identification procedure in the area of finance, analyses are carried out twice a year, while the results are reported to the Management Board and the Supervisory Board.

Documents related to ethical issues include:

1. The Code of Conduct: a recapitulation of major rules and guidelines on how to act in relations with employees, contractors and clients. This defines the basic ethical standards that we expect from all of our employees and entities with which we cooperate;
2. Anti-Corruption Policy;
3. Anti-Mobbing Policy;
4. Potential Abuse Identification Procedure;
5. Declaration on Conflict of Interest;
6. Compliance clauses signed by business partners.

In case of any doubts as to the mode of conduct in a specific situation or if reporting improper conduct is required, our employees can contact:

- **Ethics Ombudsman:**
rzecznik.etyki@velvetcare.pl
+48 664 997 000
- **Ethics Helpline:**
velvet.liniaetyki.com, velvet@liniaetyki.pl,
tel. no. +48 22 290 67 88
- **Superior**
- **HR Division**

In 2022, **no cases** of discrimination, mobbing, sexual harassment, corruption or similar incidents were reported.

Occupational health and safety

Caring for our employees, we focus on improvement of management tools so that - by preventing accidents at work, occupational diseases and near-miss incidents - we can strive for constant improvement of the conditions of occupational health and safety. The rules of safe conduct in the company are set out in the “Integrated Quality, Environment, Occupational Health and Safety and Product Safety Management Policy”. This is applicable to all employees, as well as persons who are not employees but who are within the area of the plant.

GRI 403-1, 403-2, 403-7

Management system

Velvet CARE has introduced an Occupational Health and Safety Management System compliant with the **ISO 45001:2018** standard and subject to annual certification.

Meeting the requirements of the standard:

- regulates OHS issues;
- offers a basis for preventing accidents and occupational diseases;
- offers the guarantee for a safe and healthy workplace;
- allows performance of efficient protective actions which improve safety in the workplace.

Additionally, the plant has its **internal standards** as part of the OHS system, which are not directly included in the ISO 450001 system. Daily OHS audits are performed, the so-called “OHS Question to Operator”, and visual management is used, i.e. a system of posters, labels and information boards.

We also apply the “**Identification of Risks and Risk Assessment**” procedure, which is a method of risk assessment according to the Polish standard PN-N-18002. The procedure harmonises conduct with respect to risk identification, assessment, evaluation of occupational risk and informing the employees about occupational risks that are related to the work performed by them.



The procedure sets out the mode of conduct and the scope of liability with respect to:

- risk assessment planning;
- identification of hazards;
- risk estimation;
- risk assessment;
- reporting non-compliance in the system;
- informing employees about risks.

GRI 403-4, 403-5, 403-7

Culture of safety

We carry out multi-directional actions aimed at improving occupational safety in the plant on an ongoing basis. The cyclical meetings, “Building the OHS Culture”, consist in analysis of current indices (accidents, near-miss incidents, non-compliance), and possibilities of introducing so-called benchmarks in the OHS area are discussed.

Multiple employee-engagement measures

Consultations and communication with employees with respect to the OHS are carried out by means of:

- Social consultations offered as part of the OHS Committee, the Mattermost communication service, direct reports, participation of the employees in risk assessment by means of meetings with the Social Labour Inspectorate and direct meetings with employees.
- Participation in walk-through inspections that are held several times a month with the Social Labour Inspector from the plant.
- Week of Safety, as part of which the following activities were offered in 2022:
 - competition devoted to reporting non-compliance;
 - competition of safe fork-lift operation;
 - OHS audits carried out by managerial personnel;
 - additional communication and OHS trainings.
- Additional channel devoted to the OHS as part of the internal communication service, Mattermost, where material information is circulated on an ongoing basis while the employees can offer their remarks.
- As part of incentive programmes, prizes are distributed for the implementation of OHS related ideas - this area is also covered by programmes described previously, such as “Recognition” and “Employee Initiatives” (in 2022, six OHS applications were filed).



Training 2022	Planned	Trained	Training performance
First aid	50	42	84%
Periodical OHS February - March	200	144	72%
Periodical OHS May - July	160	114	71%
Periodical OHS November - December	80	49	61%
Workstation instruction methodology	32	84	263%

- Safety Cross: visual information sent via the internal messaging service, Mattermost, to all employees that notifies the accident status in the plant (green – no accidents; yellow – near miss; red – work accident).
- OHS boards in the plant with key safety indicators for our employees.
- “Safety Monday”: short OHS training sent cyclically via Mattermost and via e-mail to all our employees.

Employees are educated about OHS issues via:

- Standard periodical trainings and first aid trainings;
- Additional trainings, including on-line courses and Moodle platform trainings.
- “Visual management” tools: leaflets, brochures and stickers that demonstrate the key OHS rules in a legible and clear way.

GRI 403-9

Accidents

The plant keeps a register of accidents in line with legal requirements and analyses accidents, including such data as: job seniority, place of injury, time of accident, direct cause, indirect cause, description of fault (of the employer or the employee).

Number of accidents

Accidents	Total	Including grave
2021	16	0
2022	14	1

In 2022, no occupational diseases were recorded among our employees.

In 2022, there was one grave accident which resulted in a control carried out by the State Labour Inspectorate. After the control, some improvements were recommended and fully implemented.

Local commitments

GRI 413-1, 413-2

Local engagement

Velvet CARE plays an active role in the local community. We support local enterprises that promote health and well-being and form an important part of the region's social life. We are present at cultural and sports events in our powiat (e.g. Bieg Herosa, Dni Olkusza, Dożynki, Juromania, Bieg Uliczny).

We also remember about children. We visit children from kindergartens in the Klucze commune with small gifts and offer workshops for children devoted to personal hygiene, thus supporting formation of good hygiene habits among children.

Financial and material assistance

For years, we have offered assistance to local community centres, schools and preschools, providing them with our products. In line with the Donation Procedure that has been implemented, we offer material assistance to selected organisations (e.g. the hospital in Olkusz, preschools and schools from the region, centres for the elderly and sick). The basis for assessing donation validity is compliance with the goals specified in the procedure and the location of the organisation that has applied to us with a request for support (we focus on supporting local organisations in our vicinity in Klucze).

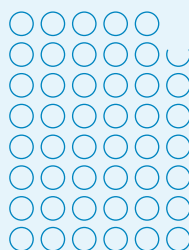
It is a tradition in Velvet CARE to present Christmas gifts to families in need that reside in the area of Klucze.

Total value of donations

○ = 1,000

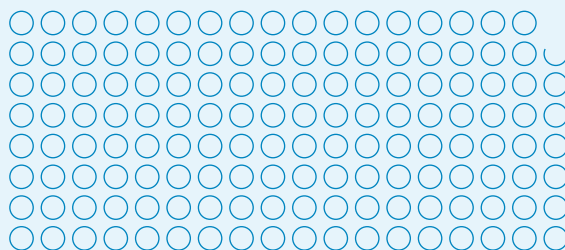
2021 products and transfers

PLN 46,674.26



2022 products and transfers

PLN 142,770.70



Pandemic

During the pandemic, we organised a rally among the employees and the Supervisory Board for funds to purchase a medical ventilator for the hospital in Olkusz. 317 people took part in the rally. After its end, the Management Board of Velvet CARE tripled the collected sum.

In effect, a sum of PLN 100,000 was handed over. We produced over 5,000 inserts for protective masks and distributed them among the local community; we also provided the hospitals in the Małopolska region with our products. Together with Angelini Pharma, as part of the #dobropow-raca action, we furnished patients in 10 hospitals around Poland with first need products.



War in Ukraine

During the war in Ukraine, we have been offering our hygiene products to refugees, organisations offering assistance at the border and to our employees who were hosting the needy in their homes and were engaged in charity activities.

Our support encompassed:



Provision of our products to aid centres in Klucze and Olkusz and to the central warehouse of the Mazowsze Province Office as humanitarian aid for Ukraine.



Handing over more than 28,000 rolls of our paper cellulose products (toilet paper and kitchen towels) in cooperation with our partner - cellulose manufacturer Ence – Energía y Celulosa. The products were delivered to the Lublin division of the Polish Red Cross.



Cooperation with the local government authorities in the vicinity of the plant (Olkusz powiat, Zawiercie powiat), head of the Klucze commune, Voluntary Fire Brigade - organisation of assistance in Klucze, Bydlin, Jaroszewiec and other neighbouring towns.



Assistance in equipping a refugee centre set up in the vicinity of Klucze, in a village called Rodaki.



A rally for funds among employees, the Management Board and the Supervisory Board of Velvet CARE, intended to help the refugees.



Assistance for Velvet CARE employees who are Ukrainian citizens.



Support for our employees in their charity endeavours.





Local impacts

We are aware of the impact of our daily operation on the environment and the significance of this issue for local residents.

The potential **noise emission** from the Klucze plant is a matter of importance for the local community. Velvet CARE systematically monitors this issue and, in line with the requirements of the Integrated Permit, periodically performs noise intensity studies in the plant, reporting the results to the Provincial Environmental Protection Inspectorate (WIOŚ). Additionally, we undergo unannounced controls in this respect. The results of the controls clearly show our compliance with the standards, both during day and at night.

It should also be mentioned that after the newest TM8 tissue machine was installed and reached its maximum production capacity, we performed additional detailed measurements that confirmed compliance with the standards in this respect.

At the time when extension of the plant to a new high-storage warehouse was planned, in line with the local management plan for the industrial zone, the local residents voiced their con-

cerns about interference of the new warehouse building that was scheduled for construction with the landscape. In response, we prepared visualisation projects of the plant with the new warehouse from various parts of the Błędowska Desert (which is located close to the plant in Klucze) to show its appearance after the end of construction, and we carried out **social consultations** with the residents, the village head, the starost and the Commune Council. In effect, a joint solution was worked out: the final height of the warehouse was reduced.

After the outbreak of the war in Ukraine, it was necessary to carry out stock-taking of additional shelters for civil residents in case of a nuclear attack. At such a difficult moment for the country, Velvet CARE also offered its support: together with the competent services (Fire Brigade), we verified and confirmed having premises within the area of the plant that are made in a technology that guarantees adequate protection. After relevant adjustment, in case of an attack, the location may be used by the population as a temporary safe shelter. We reported our readiness in this respect, even though we hope that the actual necessity of using this option will never take place.

Educational activities

As a business that professionally approaches its mission, we want to offer broadly-defined benefits to all stakeholders, including local communities. In relation to this, we support local initiatives and carry out educational activities in schools and preschools within the area of our plant, but not only. Our main projects in this area are:

- Signature programme “Velvet. Five for Nature” (“Velvet. Piątka dla Natury”), described in detail in the Environment Chapter (see pp. 50-51),
- The “Zdrowo i Sportowo” activity, in which we are a partner.

Zdrowo i Sportowo

This is a national activity that is meant to **promote physical activity among young children** (3-10 years of age). The organisers wish to:

- support children in preventing obesity and other diseases and improving immunity;
- shape healthy habits that will last a lifetime;
- increase children’s self-confidence, as well as improve their memory and concentration;
- teach the rules of fair play and group cooperation.



As part of the activity, sports and educational activities are prepared (on site and on-line), as well as trainings for teachers, thematic class scenarios and educational materials. In the last edition (2021/2022), over **6,500 facilities** registered in the activity (+23% increase y/y), and the activity covered approx. **410,000 children from kindergartens and approx. 210,000 primary school pupils** (1-3 grades).





Velvet brand engagement

In 2019, we became a main partner of the “Zdrowo i Sportowo” activity with the intention of promoting **proper hygiene habits** among children from an early age. The issues related to hygiene excellently matched the educational needs triggered by the outbreak of the pandemic in 2020 (e.g. proper hand washing). Including this theme in the classes increased interest in the activity.

“Year with Velvet Hygiene. Hygiene for Me and the Planet” Programme

In the 2022/2023 school year, the “Zdrowo i Sportowo” activity extended its scope, carried out together with the Velvet brand, to issues

related to **nature conservation**. Together with the organisers, we prepared an extra series of classes with separate materials, posters and certificates for the participants. The programme includes:

- weekly art class scenarios: paper creations by Velvetuś Teddy Bear;
- monthly webinars for parents and teachers;
- additional “Hygiene for Me and the Planet” class scenarios;
- on-line classes for children;
- dedicated Facebook group: www.facebook.com/groups/rokhigienavelvet

Annex: data in tables

GRI 401-1, 2-8

New Employees and Employee Turnover

2021	Total	Gender	Region		
			Klucze	Warsaw	In the Field
New employees	148	Women	25	3	0
		Men	114	4	2
Dismissals*	132	Women	10	6	0
		Men	109	3	4

2021	Total	Gender	Klucze			Warsaw			In the Field		
			≤30	31–50	≥50	≤30	31–50	≥50	≤30	31–50	≥50
New employees	148	W	15	6	4	2	1	0	0	0	0
		M	66	43	5	1	3	0	0	1	0
Dismissals*	132	W	3	2	5	1	5	0	0	1	0
		M	52	47	10	0	2	1	0	3	0

* including 47 individuals hired in 2021.

2022	Total	Gender	Region		
			Klucze	Warsaw	In the Field
New employees	167	Women	46	7	2
		Men	112	3	2
Dismissals*	112	Women	21	3	1
		Men	82	3	2

2022	Total	Gender	Klucze			Warsaw			In the Field		
			≤30	31–50	≥50	≤30	31–50	≥50	≤30	31–50	≥50
New employees	167	W	12	19	1	2	5	0	0	0	2
		M	58	46	3	1	2	0	1	1	0
Dismissals*	112	W	8	3	8	3	0	0	0	0	1
		M	41	33	5	1	2	0	0	1	1

* including 37 individuals hired in 2022.

Apart from employees with employment contracts, we also use the services of a temporary employment agency and outsource services for Velvet CARE - in 2022, this amounted to 25 individuals on average per month.

Return to work indices and employment retention indices after maternal/paternal leave

	Total number of employees entitled to parental leave		Employees who used the leave		Employees who resumed work after parental leave		Total number of employees who resumed work after the end of leave, i.e. employed 12 months after return to work	
	2021	2022	2021	2022	2021	2022	2021	2022
Women	20	20	24	20	19	14	8	0
Men	56	48	25	27	6	16	13	11
Total	76	68	49	47	25	30	21	11



Diversity with respect to age in top managerial positions and in employee personnel in 2022

Age range	Role	Location			Total	%
		Klucze	Field	WWA		
Younger than 30	Director	3		1	4	1%
	Blue-collar worker	137			137	18%
	Specialist	35	1	4	40	5%
Younger than 30 Total		175	1	5	181	24%
31–50	Director	24	1	18	43	6%
	MTM	4		6	10	1%
	Blue-collar worker	295			295	39%
	Specialist	48	18	7	73	10%
31–50 Total		371	19	31	421	55%
Older than 50	Director	6	1	1	8	1%
	MTM	2		2	4	1%
	Blue-collar worker	127			127	17%
	Specialist	19	5		24	3%
Older than 50 Total		154	6	3	163	21%
Total		700	26	39	765	100%

Diversity with respect to gender in top managerial positions and in employee personnel in 2022

Gender	Role	Younger than 30	31–50	Older than 50	Total	%
Woman	Director		24	1	25	45.5%
	MTM		4	1	5	35.7%
	Blue-collar worker	17	56	33	106	19%
	Specialist	19	36	15	70	51%
Woman Total		36	120	50	206	27%
Man	Director	4	19	7	30	54.5%
	MTM		6	3	9	64.3%
	Blue-collar worker	120	239	94	453	81%
	Specialist	21	37	9	67	49%
Man Total		145	301	113	559	73%
Total		181	421	163	765	100%





Governance





Chapter contents:

ESG structure

Division of duties of the Management Board and members of managerial personnel with respect to the implementation of ESG and key policies and procedures.

Local impacts

Governance and relations, the chapter that describes, among others:

- Our stakeholders with respect to impact and interest and methods of engagement and communication channels.
- ESG risks and liability as part of the value chain from the perspective of individual aspects of activity.
- Communication of critical concerns with specification of what and how they are communicated to the Management Board as critical concerns.

Responsible procurement

Role of procurement in ESG implementation, including the supplier assessment process.

Quality control

Key assumptions, quality standards in production process.

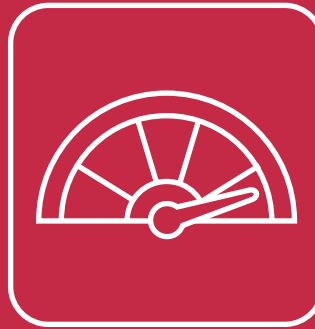
Property and cyber-security

Approach to cyber-security, property protection and our ERP system.

Key Facts



17%
of the Board's
annual bonus
depends on the
performance
of ESG projects



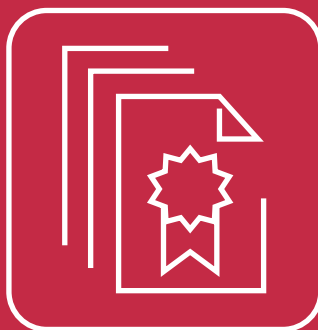
Risks, impacts and liability of
Velvet CARE defined in
the value chain



Completed
climate risks and opportunities assessment processes



ESG aspects are assessed
during investments and
the supplier selection
process



Comprehensive and
multi-stage
quality control process



The IT system security policy
is the basis of our
cyber-security

Governance structure

GRI 2-12, 2-13, 2-14

Liability and scope of tasks

Governance structure

Supervisory Board

The ESG strategy and actions in Velvet CARE are reported quarterly to the Supervisory Board, which makes final decisions in this respect.

Management Board

The Management Board designates the vision and strategic directions, including ESG, and actions resulting from this (as part of the annual “Blueprint ESG” document). It is engaged in the monitoring of results and approves the ESG report.

ESG and Corporate Communication Manager

The ESG and Corporate Communication Manager is responsible for ongoing ESG coordination and management and reports directly to the President of the Management Board / CEO.

ESG Team

An informal body comprising individuals who are responsible for individual ESG elements and strategies, such as: environmental issues - Vice-President, Director of Production and Technology, social issues: HR Director, governance issues: Financial Controller.

Implementation Team

An informal body whose members are operationally engaged in implementation of ESG actions in daily activities and deliver data for ESG reporting.

The Supervisory Board annually determines the goals for the Management Board and assesses the actions taken. **17% of the Management Board's annual bonus depends on the performance of ESG projects.**

The term of office of the Management Board is 3 years. After the end of term, the Supervisory Board decides about granting acknowledgement for the fulfilment of duties to the Management Board, assessing performance of the goals.

The Management Board, together with a team of key higher level managers (so-called **Management Team Meeting - MTM** comprising higher level directors and managers) prepares, approves and annually updates the goals of the organisation contained in the business strategic document, the **Blueprint**, as well as quarterly monitoring implementation of designated KPIs.

The mission, vision and values, along with key strategies and policies (including the **sustainable devel-**

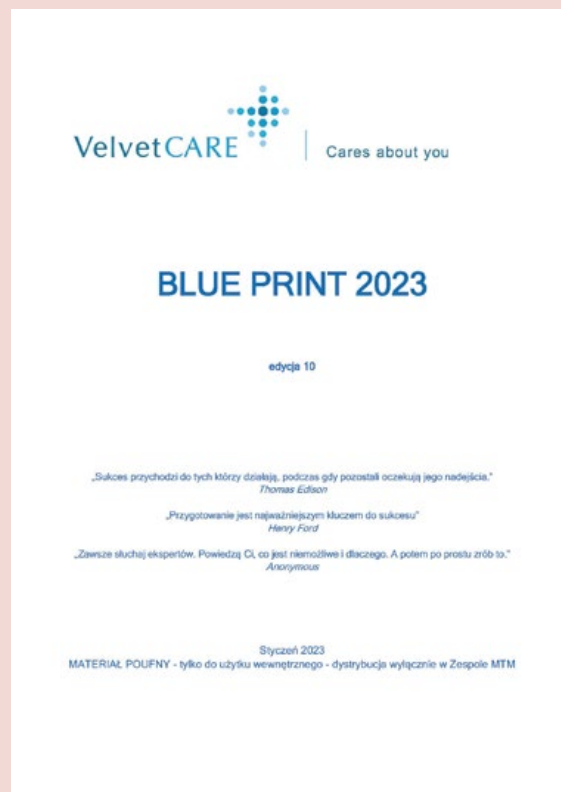
opment strategy, Eco Agenda 2025) are prepared and approved at the level of top management (the Management Board and MTM; in case of issues related to sustainable development, the ESG and Corporate Communication Manager joins the team).

The ESG and Corporate Communication Manager is in charge of coordinating ESG actions; depending on current needs, the Director engages top level managers and higher managerial personnel in such activities. The CEO regularly participates in actions devoted to defining and implementing the ESG strategy.

GRI 2-17, 2-18, 2-22, 2-23, 3-1, 3-2

ESG implementation

In Velvet CARE, we have drafted a number of strategic, implementation and managerial documents; we also have management systems and product certificates confirming compliance with relevant standards.



BLUEPRINT is the most seminal document and a strategic roadmap in Velvet CARE. We annually define its key goals, set their time horizon and determine the specific efficiency performance indicators. This is the “map and compass” for our organisation; thanks to it, we are heading in a precisely defined direction, verifying the degree of performance of the designated goals along the way.

BLUEPRINT ESG 2025 is a strategic document that forms an extension of the company-wide Blueprint in reference to ESG areas. It is also updated annually. It contains all the projects and initiatives that Velvet CARE takes part in and intends to take, systematise and assign priorities, determining the so-called “Must Win Battles” for every year (i.e. key projects that must be performed).

Business Continuity Planning is a compendium of rules to be followed in difficult and crisis situations, related to external and internal causes. In case of an incident or a crisis situation, it indicates who performs what and how and specifies the course of communication and the necessary actions.

The Management Board Rules ensure continuity and guarantee transparency of decisions made.

Eco Agenda 2025 is our company’s sustainable development strategy. It covers three main areas: Product, Organisation and Inspiration, delimiting our goals and actions in each of them. It focuses primarily on the issue of our impact on the environment, and that is why it is described in detail in Chapter 2 (see p. 30). More information is also available here: www.velvetcare.com/en/eco-agenda-2025-2/

ESG Policies and Procedures. Other documents regulating aspects from individual ESG areas also include:

- Code of Conduct;
- Anti-Corruption Policy;
- Donation Policy;
- Compliance Clauses for Suppliers;
- Anti-Alcohol and Anti-Drug Policy;
- Human Rights Policy (prepared in 2022);
- IT System Security Policy;
- Potential Abuse Identification Procedure in the Area of Finance;
- Integrated Quality, Environment, OHS and Product Safety Management Policy.

Additionally, Velvet CARE has implemented, maintains and improves:

- Product Safety Management System according to IFS HPC and BRC CP;
- Quality Management System according to ISO 9001;
- Environmental Management System according to ISO 14001;
- Workplace Health and Safety Management System according to ISO 45001: 2018;
- Energy Management System PN-EN ISO 50001:2018.

We also hold the status of an authorised economic operator (AEO).

Education of the Management Board and managerial personnel about ESG

The Management Board, together with the ESG and Corporate Communication Manager and selected higher managers, participate in the “**Abris Academy**” on a yearly basis. These are meetings organised by the majority shareholder, Abris Capital Partners, for the portfolio companies. The Academy, in the form of presentations and workshops with experts, addresses diverse issues. In 2022, the meetings were attended by President of the Management Board - CEO, Deputy Financial Director, HR Director and ESG and Corporate Communication Manager. The issues included the significance of the DEI strategy (Diversity, Equity and Inclusion) in organisations and introduction to taxonomy duties. In 2021, we started talks with BNP Paribas about procuring so-called “**green financing**”. The



Management Board and the ESG and Corporate Communication Manager were engaged in discussing the options and details. During the talks, issues related to the carbon footprint of the organisation, regulations and duties related to the CSRD directive, OHS aspects and diversity in the organisation were addressed. The negotiations ended in April 2022 with providing Velvet CARE with a sustainability linked loan (SLL). This innovative form of “green financing” contains additional commitments of the company to accomplish specific goals in the area of sustainable development. In the case of Velvet CARE, they are focused on reduced water consumption, reduced packaging weight, certification of materials and work safety.

The President of the Velvet CARE Management Board, in November 2022, took part in a discussion panel during an inspiration and networking meeting of leaders called “**Sustainability Meet-UP**”, organised by BNP Paribas Bank Polska.

The company’s Management Board also takes part in ESG activities and projects, e.g. **analysis of climate opportunities and risks, defining the carbon neutrality strategy, management of the DEI area**, preparation and delivery of information in the **B Corp certification process**.

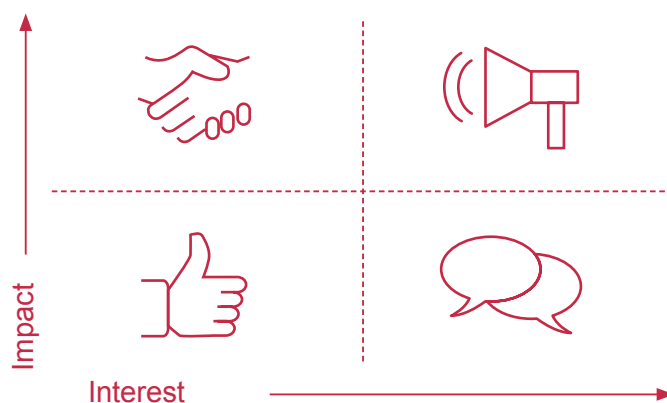
The ESG and Corporate Communication Manager reports **all issues related to the ESG** on an ongoing basis to the Management Board (e.g. current legal status and obligations under the CSRD, CSDD, as well as possible actions and projects that are worth considering (e.g. participation in the Science Based Targets or procurement of the Ecovadis scoring).




Local impacts

GRI 2-28, 2-29, 3-1, 3-2






Our stakeholders






As part of work on the report, we have verified and updated our map of stakeholders. We assessed the interest in our activity and the impact of individual groups. We also analysed expectations and made an inventory of the applied methods of communication and the engagement of stakeholders.



Stakeholder	Stakeholder expectations	Methods of communication and stakeholder engagement
 Shareholders, business partners	Management standards	<ul style="list-style-type: none"> Ongoing contacts: e-mail, telephone, meetings; Velvet CARE corporate communication (website, social media, PR actions);
 Banks, finance and insurance institutions	Formal requirements for financial products	<ul style="list-style-type: none"> Ongoing contacts: e-mail, telephone, meetings and reporting in line with commitments;
 Suppliers of materials, goods and services	Requirements for materials/products (specifications), financial requirements (timely payment)	<ul style="list-style-type: none"> Ongoing contacts: e-mail, telephone, meetings; Velvet CARE corporate communication (website, social media, PR actions);

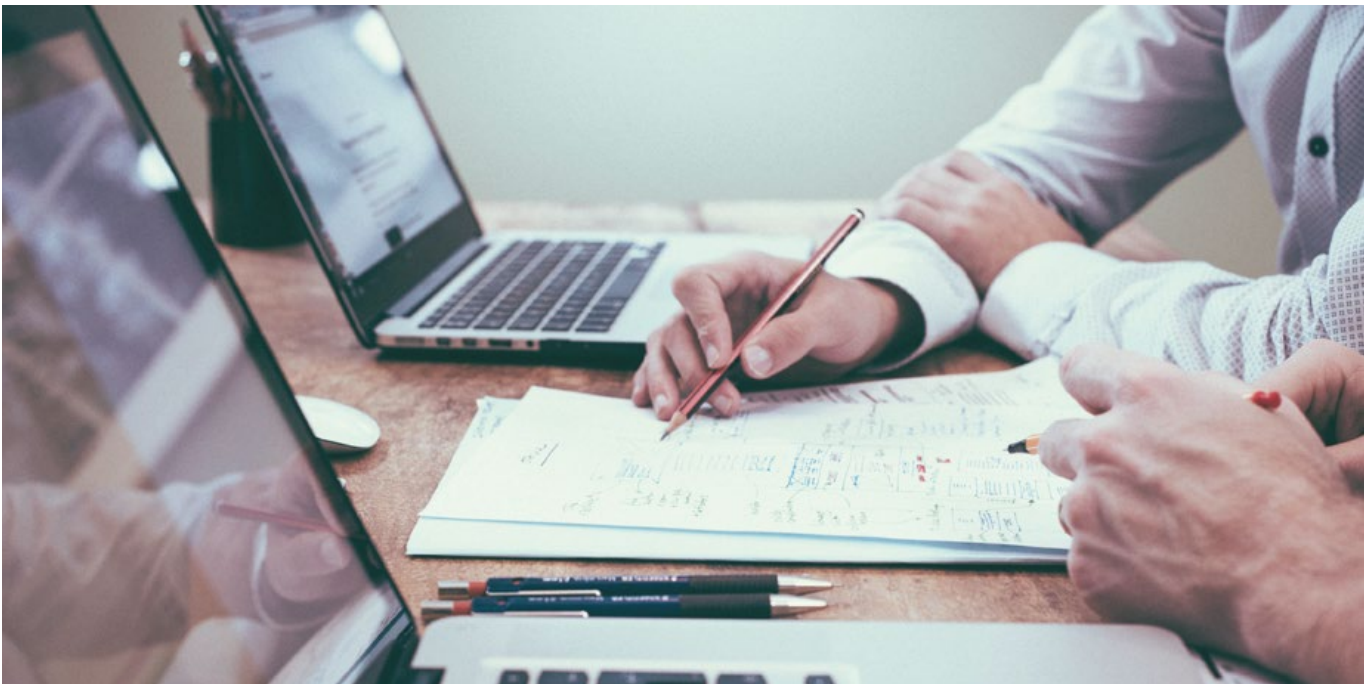
Stakeholder	Stakeholder expectations	Methods of communication and stakeholder engagement
 Clients	Product requirements, Financial requirements	<ul style="list-style-type: none"> • Ongoing contacts: e-mail, telephone, meetings; • Corporate Velvet CARE communication (website, social media, PR actions); • Media and commercial communication of the Velvet brand (TV, press, outdoor, Internet, stores – POS materials and commercial brochures).
 Competitors	Requirements for marketing and trading in products	<ul style="list-style-type: none"> • Membership in industry associations: Association of Polish Paper Makers and Polish Union of the Cosmetics Industry; • Monitoring the position and actions of competitors via market data and direct talks with clients; • Corporate Velvet CARE communication (website, social media, PR actions); • Media and commercial communication of the Velvet brand (TV, press, outdoor, Internet, stores – POS materials and commercial brochures).
 Consumers	Product requirements (including quality and safety), financial requirements (product prices)	<ul style="list-style-type: none"> • Media and commercial communication of the Velvet brand (TV, press, outdoor, Internet, stores – POS materials and commercial brochures); • Direct contact via serwiskonsumenta@velvetcare.com and social media; • Market surveys (product tests, brand position and its communication); • Participation in product and brand contests; • Corporate Velvet CARE communication (website, social media, PR actions).
 Kraków Technology Park	Formal and legal requirements	<ul style="list-style-type: none"> • Ongoing contacts: e-mail, telephone, meetings;

Stakeholder	Stakeholder expectations	Methods of communication and stakeholder engagement
 <p>Employees</p>	<p>Social and legal requirements</p>	<ul style="list-style-type: none"> • Personal meetings (including quarterly meetings of employees with the Board and office hours of managerial personnel); • Employee survey every 1.5 years; • Cyclical meetings in teams for managerial and senior personnel; afterwards, the information is sent to subordinates in individual divisions: meetings: SLT Klucze (Senior Leadership Team – Klucze) every 2 weeks, SLT Warsaw - every week, MTM (Management Team Meeting) - every 2 weeks; • Internal messaging service Mattermost, with thematic and general channels for information exchange; • Velvet CARE internal newsletter, published every 6 months in an on-line and printed version; • Available channels for reporting violations: Ethics Line (telephone and website), ethics ombudsman; • Ongoing contact: e-mail, telephone and meetings.
 <p>Commune Office, Poviast Starosty</p>	<p>Legal requirements/ compliance commitments</p>	<ul style="list-style-type: none"> • Ongoing contacts: e-mail, telephone, meetings.
 <p>State Labour Inspection</p>	<p>Legal requirements</p>	<ul style="list-style-type: none"> • Telephone contacts, e-mail, meetings in case of necessity.
 <p>Local offices and authorities (City Office, SANEP-ID, WIOŚ)</p>	<p>Legal requirements/ compliance commitments</p>	<ul style="list-style-type: none"> • Telephone and e-mail contracts, reporting in line with requirements, meetings if necessary.
 <p>Technical and environmental authorities (GIOŚ, KOBIZE, PINB, UDT)</p>	<p>Legal requirements/ compliance commitments</p>	<ul style="list-style-type: none"> • Telephone and e-mail contacts, reporting in line with requirements, meetings if necessary.

Stakeholder	Stakeholder expectations	Methods of communication and stakeholder engagement
 Neighbouring companies	Legal requirements	<ul style="list-style-type: none"> • Media monitoring, meetings with local administration if needed (Commune Office, Starosty).
 Media/public opinion	Social and cultural requirements	<ul style="list-style-type: none"> • Media monitoring; • Velvet CARE corporate communication (website social media, PR actions); • Media and Velvet brand communication (TV, press, outdoor, Internet, stores – POS materials and commercial brochures); • Meetings with local administration if necessary (Commune Office, Starosty); • Social consultations if necessary (meetings about issues related to the local community).
 Social/pro-environmental organisations	Social and cultural requirements	<ul style="list-style-type: none"> • Media monitoring; • Velvet CARE corporate communications (website, social media, PR activities); • Consultations if required (meetings with respect to issues impacting the local community).
 Services (health emergency, Police, Fire Brigade)	Legal requirements/compliance commitments	<ul style="list-style-type: none"> • Telephone, e-mail contacts, personal meetings if required.
 Local community	Workplace, good neighbourhood donations/material aid	<ul style="list-style-type: none"> • Telephone contact with secretary's office of the Management Board, written/e-mail correspondence, personal meetings if required.
 Labour Office	Legal requirements	<ul style="list-style-type: none"> • E-mail, telephone – if necessary.
 Trade unions	Legal and social requirements	<ul style="list-style-type: none"> • Ongoing contacts and consultations, e-mail, telephone, meetings - if necessary.

Membership associations

- **Association of Polish Papermakers (Stowarzyszenie Papierników Polskich, SPP):** a scientific, technical and managerial association that integrates individual members and businesses whose activities are related to paper making and related sectors. Artur Pielak, President of the Management Board of Velvet CARE, is a member of the Association, while Marek Ściążko, a member of the Supervisory Board of Velvet CARE and former long-term director of the Klucze plant, is the deputy president of the SPP and a chairman of its paper section. The cooperation between Velvet CARE and SPP is tight, in particular thanks to the personal engagement of Marek Ściążko, who supports Velvet CARE with his knowledge and experience. By participating in the work of the Association, he has access to current reports and information from the sector and shares this with the Management Board and the Supervisory Board. The SPP is a member of CEPI (Confederation of European Paper Industries), an organisation that represents the industry of wood fibre and paper on the European level.
- **The Polish Union of Cosmetics Industry (Polski Związek Przemysłu Kosmetycznego, PZPK)** represents and supports strategic goals of cosmetics sector entrepreneurs. Velvet CARE is a member of the union. PZPK is an industry union that integrates cosmetics manufacturers, while Velvet CARE, with moist paper in its offer (a cosmetics product), has access to ongoing information and events in the industry thanks to membership in PZPK.
- **Business Centre Club:** a business club for entrepreneurs and the largest statutory organisation of employers in the country. Artur Pielak, President of the Management Board of Velvet CARE, and Marek Ściążko, member of the Supervisory Board of Velvet CARE, are members of the BCC.
- **CEO Round Table:** a platform to develop leadership skills, extend business contacts and exchange information. Created for the top level executives of leading businesses on the Central European market. Artur Pielak, President of the Management Board of Velvet CARE, is a member of the organisation.



ESG risks and liability in the value chain

Value chain



Supplies of materials

The primary material in Velvet CARE is cellulose; apart from it, we also procure, if necessary, ready-made tissue from other producers (if the demand on the part of the processing division is higher than the production capacity of the plant), as well as packaging materials (film, stretch film, cardboard, box-board) and other materials and substances required for our processes.



Transport and storage

Materials are delivered to the plant primarily by land (truck transport and, at earlier stages, maritime transport is used for some materials, e.g. eucalyptus cellulose from Southern America).

We make use of our own warehouse of ready-made products within the Klucze plant and, if necessary, external warehouses in the vicinity (e.g. in Olkusz). Ready-made products are collected from the warehouse by our clients or dispatched by us to the warehouses of central commercial networks and distributors, from where they are distributed to wholesale and retail shops. We use the transportation services of external companies.



Production

Production encompasses two key processes:

- production process of tissue from cellulose: tissue is produced on 3 paper machines in the Klucze plant; in the next stage, ready-made products are manufactured;
- processing of tissue into ready-made products: toilet paper, kitchen towels and tissues are produced on 16 processing lines (status at the end of 2022).



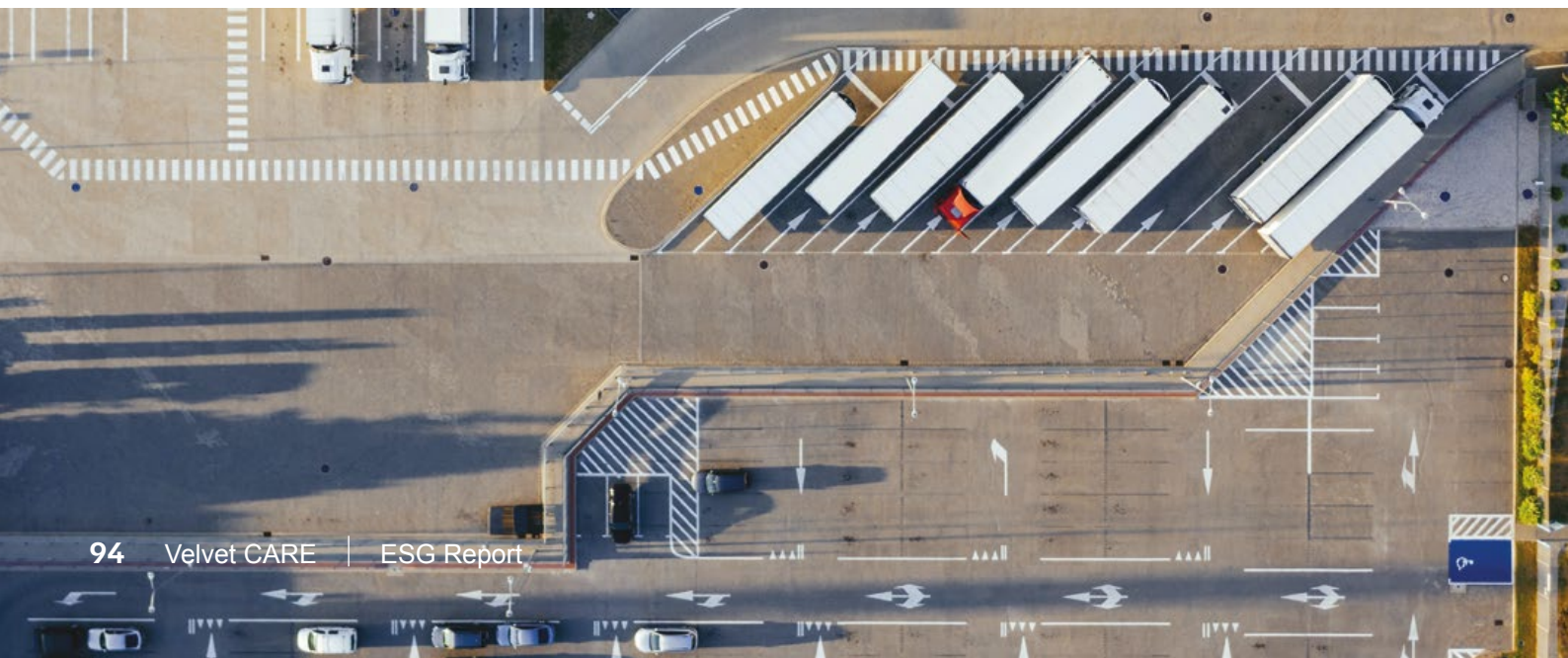
Management and administration

Organisation management encompassing finance, controlling, employee management, cyber-security, property security and quality control.



Marketing and sales

Marketing and sales of our products, consumer polls, creation of category and brand strategies, development of products and innovations and Velvet brand communication (among others relying on the SAVE NATURE mark).



ESG risks



Supplies of materials

- Inadequate quality of materials
- Unavailability of materials
- Failure to comply with the requirements on the part of suppliers (quality, certificates, legal, ethical and environmental requirements)
- Severance of supply chains (e.g. following a natural disaster, strike, war)



Transport and storage

- No means of transport fulfilling the requirements available (quality, technical, environmental)
- Road accidents or accidents in the warehouse



Production

- No gas and electricity supplies/limitations in use of utilities
- Grave industrial failure
- Fire, flood, construction catastrophe
- Accidents at work
- Inappropriate material used
- Incorrect handling of substances/waste
- Emission of paper dust in the work environment

- No decisions, environmental permits
- Exceeding permissible environmental standards



Management and administration

- Insufficient staffing of operating positions (among others production and warehouse)
- High employee turnover
- High level of sick leave
- Mobbing and discrimination
- Corruption
- Cyber-attack/failure of IT system infrastructure
- Breach of patents or trademarks (direct or indirect, e.g. by suppliers)



Marketing and sales

- Defective product/failing to fulfil quality and/or environmental criteria and/or product safety
- No possibility of guaranteeing supplies to clients
- Black PR
- Incorrect product labelling
- Insufficient production capacity to process orders

Transversal risks: on the level of the entire company. They may refer to the nature of operation or may manifest differently in areas of the supply chain.

- Climate risks
- Non-compliance of stances on issues pertaining to the local community
- Prices of materials, fuel, energy

Local impacts



Supplies of materials

- Import of cellulose
- Procurement of packaging material (among others cardboard, film)
- Cooperation with suppliers



Transport and storage

- Emission of greenhouse gases and pollution
- Noise emission
- Change of landscape (buildings, development of the plant)
- Use of roads (traffic intensity)



Production

- Withdrawal of water for production purposes
- Impact on surface waters, underground waters
- Emission of gases, dust and noise from production
- Treatment of municipal sewage



Management and administration

- Satisfaction and motivation of employees
- Development and training
- Growth of labour market (guaranteeing jobs)
- Investments in the plant (production capacity, buildings, infrastructure)
- Economic growth of the region (commune's receipts from taxes, development of road infrastructure, etc.)
- Management standards/system of policies and applicable processes
- Compliance with standards/legal requirements
- Growth of employee awareness about cyber-security



Marketing and sales

- Meeting the consumer and clients needs
- Communication and education of consumers and clients
- Development of product category - joint liability for market growth
- Product quality and safety

Company-wide impacts: on the level of the entire company. They may refer to the nature of operation or appear in individual units separately.

- Jobs and employment in the companies of suppliers and sub-contractors
- Support for the local community, charity actions
- Value creation: support for economic development of the region thanks to receipts from taxes and creation of new jobs

Velvet CARE liability



Supplies of materials

- Supplier selection criteria (environmental and social)
- Verification of certificates held
- Choice of local suppliers (wherever possible)
- Purchase of cellulose from sustainable sources



Transport and storage

- Social dialogue in the context of new investments
- Logistic optimisation
- Management system and OHS education
- WMS system to manage warehouse operations



Production

- Eco Agenda covering reduction actions (water, plastic, energy)
- Use of state-of-the-art technologies and processes
- Waste management
- Defined modes of handling substances used in production processes
- Management system and OHS education
- Trainings
- Employee training
- WMS System to manage warehouse operations



Management and administration

- Company Blueprint – annual strategic plan
- Eco Agenda and ESG Blueprint
- Management System (Certification ISO 5001, 9001, 14001, 45001, BRC, IFS-HPC)
- Climate risk analysis
- Business Continuity Planning
- Code of Conduct, Whistleblowing System, Human Rights Policy, Anti-Corruption Policy, Anti-Mobbing Policy
- Conflict of interest management
- HR management
- Employee education



Marketing and sales

- SAVE NATURE: consumer and client education
- Application of solutions with minimal environmental impact in products and packaging (e.g. 30% recycle in foil packaging)
- Consumer service

Climate risks and opportunities

We are aware that Velvet CARE may be affected by risks and opportunities related to the climate crisis in a short-, mid- and long-term perspective - both as part of direct operations and the entire value chain. **The climate risk management strategy** is going to evolve and be adjusted taking into account ongoing legislative changes, available technologies and actual development of the climate situation and its impact on business.

In 2022, Velvet CARE began defining **the climate neutrality strategy**. The goal is climate neutrality of the company in scope 1, 2 and 3 by 2030. The base year is the first full trading year since the moment of the company's establishment, i.e. 2014. The elements contained in the framework plan for the climate neutrality of Velvet CARE include:

1. Firstly, possible and adequate new projects in the area of technology/new investments;
2. Secondly, purchase of "green" energy with certificates of origin;
3. Thirdly, purchase of off-set and/or shares in sequestration projects.

In 2023, we are planning to **off-set scope 1 of the carbon footprint** as part of cooperation with the Polish off-set programme, which is going to meet EU liabilities in the area of mitigating the effects of climate change.

In 2021, we **analysed and assessed the climate risks and opportunities** for the first time, using the TCFD (Task Force on Climate-Related Financial Disclosures) Guidelines to this aim; in 2022, we reviewed and updated the list. The following types of risks were taken into account in the analysis:



- **Physical risks:** financial costs and losses resulting from the growing severity and frequency of physical factors causing climate risk, i.e. the impact of extreme weather (e.g. floods, increase of sea level, droughts, heat waves, storms, etc.) leading to, among others, damages to infrastructure, destruction of crops, disruptions of the value chain.
- **Transition risks:** related to the transformation to a low-emission economy. These risks are related to, among others, present and future regulatory changes, technological changes, market changes (disruptions of the present-day structure of demand and supply of electricity, natural resources, products and provided services), as well as changes in consumer expectations and moods.

The analysed climate issues were divided into **opportunities and risks**; they were provided with significance assessment (strategic or operational), and the level of their probability was evaluated along with the scale of impact. As a result, the significance of a given climate aspect was determined, a reaction was drafted to a specific risk/opportunity, and efficiency of actions in a given range was assessed. The results were presented to the Management Board and the Supervisory Board. The analysis accounts for the fact that global warming may affect both direct operations (e.g. disruptions in production, negative impact on cost of insurance, costs of energy, costs of materials), as well as the entire supply chain (e.g. problems with access to resources, damages on the side of service providers, suppliers and recipients).

No detailed climate scenarios were drafted concerning the estimated increase of temperature in degrees on account of lack of data for the perfor-

mance of analyses and estimation on such level of detail. The analysis of risks and opportunities performed by Velvet CARE accounts for the general effects of gradual global warming without differentiation of effects on business depending on the intensity and speed of such changes.

Role of Management

The Vice-President of the Management Board / Production and Technology Director is in charge of issues related to climate as part of the Management Board structure. The Vice-President heads a team that prepares a breakdown of risks and is responsible for its up-dates.

The Management Board and the Supervisory Board are informed about climate issues during their meetings, while risks in the organisation (including climate) are included in the financial model that is discussed and updated when decisions on strategic investments in the company are made.





GRI 2-15, 2-16, 2-25

Communication of critical concerns

Any remarks and critical concerns are discussed at least once a month during the sessions of the Management Board (if necessary – more often). Every two weeks, the MTM meeting is held; it is attended by senior executives from all departments. All types of managerial issues are discussed at the meetings – both critical and ongoing. If necessary, the MTM is held more frequently, even daily if the situation requires.

Daily MTM meetings were held during the first stage of the COVID-19 pandemic and after the outbreak of the war in Ukraine.

Reporting to the Supervisory Board (financial and non-financial aspects) is done monthly; the meetings of the Supervisory Board are held once a quarter, where key decisions are made. Within the scope covered by reporting, there have been no critical situations that would require extraordinary decisions on the level of the Supervisory Board.

Sample critical concerns requiring notification of the Management Board:

- Risk of disruptions in the company's continuous operation;
- Grave accidents;
- Court proceedings;
- Contractual and administrative penalties;
- Significant environmental risks, OHS risks, risks related to the Polish Labour Code;
- Significant risks related to financial liquidity and servicing bank debts.

Velvet CARE has prepared and put in place a **policy to identify potential abuse in the area of finances**. Analyses in line with the approved procedure in this respect are performed twice a year. A memorandum from the performed half-year tests is sent to the Supervisory Board. Channels for reporting potential abuse available to employees are described in the Ethics section (see p. 67).

We also collect **declarations** on potential **conflicts of interest** from individuals holding key positions and those exposed to corruption. The process encompasses selected managerial positions and representatives of the Sales and Procurement departments.

Responsible procurement

GRI 407-1, 408-1, 409-1, 414-1, 414-2, 204-1

The Procurement Department plays an important role in ESG implementation. Orders for both strategic and operational resources are made here, including resources with proper certificates. Procurement also has a high share in the plastic reduction process described in Chapter Environment (see p. 34).

Velvet CARE applies the **supplier diversification strategy** as far as possible for each of the strategic resources. This guarantees safety and continuous operation in case of unforeseen incidents on the part of any supplier (e.g. sudden failure), as well as during critical situations which may cause a break in the supply chain (e.g. during the COVID-19 pandemic or in relation to the war in Ukraine).

We maintain a **list of qualified suppliers** and a precisely formulated **supplier selection process** in the form of a procedure.

Initial and periodical assessment of suppliers in performed with respect to:

- Guaranteeing proper rules of cooperation;
- Fulfilment of Velvet CARE requirements (including environmental and ethical);
- Guaranteeing quality of delivered products and services;
- Guaranteeing health-related safety of delivered materials;
- Compliance with legal provisions, including on environmental protection;
- Level of cooperation risk.





Audits of material suppliers are performed to source information about the quality, environmental, OHS and product management systems held by the suppliers. Every new material supplier and a qualified supplier receive a **Supplier Self-Assessment Survey**. This encompasses issues pertaining to quality, standards held, as well as human rights issues, including child labour, environmental protection and climate risks. The compiled data, after verification by Quality Control Division Department, is used for assessing the supplier with respect to risk in such areas as quality, product safety, environment and OHS.

Additionally, our suppliers sign so-called **compliance clauses**. They were incorporated in

the contracts in 2020 (and added in the form of an annex to older contracts), the compliance clauses include anti-corruption clauses and clauses guaranteeing observance of human rights by our contractors, suppliers and clients.

Approx. 75% of the value of our procurement is cellulose, which is imported from the European Union and Southern America. Locally, we primarily procure cardboard and film if it is available. **Approx. 16% of supplies derive locally from Poland.**

Quality control

GRI 416-1, 416-2

Caring for the satisfaction of our clients, we design, manufacture and deliver hygiene and cosmetic products of top quality. Our products are manufactured in line with applicable laws, fulfilling requirements with respect to quality, safety and utilitarian properties. We have implemented, maintain and improve a number of **certified management systems** (more information in the ESG Implementation section, p. 86).

Velvet CARE identifies, analyses and monitors diverse processes and factors that create both risks and opportunities for the company's operation. The analyses are carried out for the needs of the **ISO 9001, 14001, BRC CP, IFS HPC standards**.

Quality control is a comprehensive and multi-stage process that allows us to be certain that the quality of our products meets rigid internal standards and consumers' expectations. We also examine and analyse the production materials which are delivered by the suppliers, as well as the process of production and the condition of final products kept in warehouses. Quality control consists, among others, in verification of diverse aspects such as:

- **Product arrangement on pallets:** proper number of layers and collective packaging, proper quantity and arrangement of divider pads, proper labels, proper wrapping with stretch film;
- **Collective packaging:** soiling, durability of bags, bag welds, quantity of unit products;
- **Unit packaging:** legibility of batch numbers, print clarity, no wrinkling on the weld, location of label.
- **Utility aspects of products**, e.g. unit weight, thickness, whiteness, stretchability, lateral loads or durability of products.
- So-called **cosmetic products** (i.e. in our case - moist toilet paper) are covered by specific tests (including microbiological).

Material facts

In 2021:

- 14 internal audits of the Quality and Environmental Management System were planned. All the planned audits were carried out (some in a remote form). In the course of audits, 19 instances of non-compliance were detected. Repair measures were specified for each case.
- Furthermore, **10 external audits** were also performed. With respect to all cases of non-compliance and potential for improvement listed during the audits, repair activities were **planned**.
- **3 tests** were carried out: 2 identification tests and simulated withdrawal of a hazardous product from a market.
- **No crisis situations/incidents** were recorded in relation to product safety which could result in the necessity of withdrawing the products from the market. No complaints were recorded in relation to the company's operation in the area of the environment.



- The **number of quality complaints** submitted by consumers was 126, with 91 complaints being acknowledged, most referring to toilet paper.

In 2022, there were no cases of non-compliance with respect to the impact of our products on consumer health and safety.

- **In 2022, 15 internal audits** of the Quality and Environmental Management System were planned. All the planned audits were performed, and 24 cases of non-compliance/remarks were recorded. Repair measures were specified for each case.
- Furthermore, **9 external audits** were also performed. With respect to all cases of non-compliance and potential for improvement listed during the audits, repair activities were planned.

- 3 tests were carried out: 2 identification tests and a simulated withdrawal of a hazardous product from a market. During the tests, the products and materials were fully examined.

- **No crisis situations/incidents** were recorded in relation to product safety which could result in the necessity of withdrawing the products from the market. No complaints were recorded in relation to the company's operation in the area of the environment.

- **The number of quality complaints** submitted by consumers in 2022 was 85, with 57 complaints being acknowledged, most referring to toilet paper.

Cyber-security and property security

GRI 416-1, 416-2

Cyber-security

Security of data and actions in the area of cyber-security are an important aspect guaranteeing continuous operation of Velvet CARE.

Implementation of the **IT System Security Policy** and derivative procedures allowed for the processes to be put in order, filling the gaps and building a safe system to store, reproduce and circulate information.

On the operational level, we apply a number of system solutions to guarantee digital security, and we also engage in regular periodical verification, educational and awareness actions.

The employees' computers are furnished with e-mail filters, advanced security programmes and certification systems, with the degree of complexity depending on the function and level of access of employees (among others, two-tier authentication). Systems analysing information

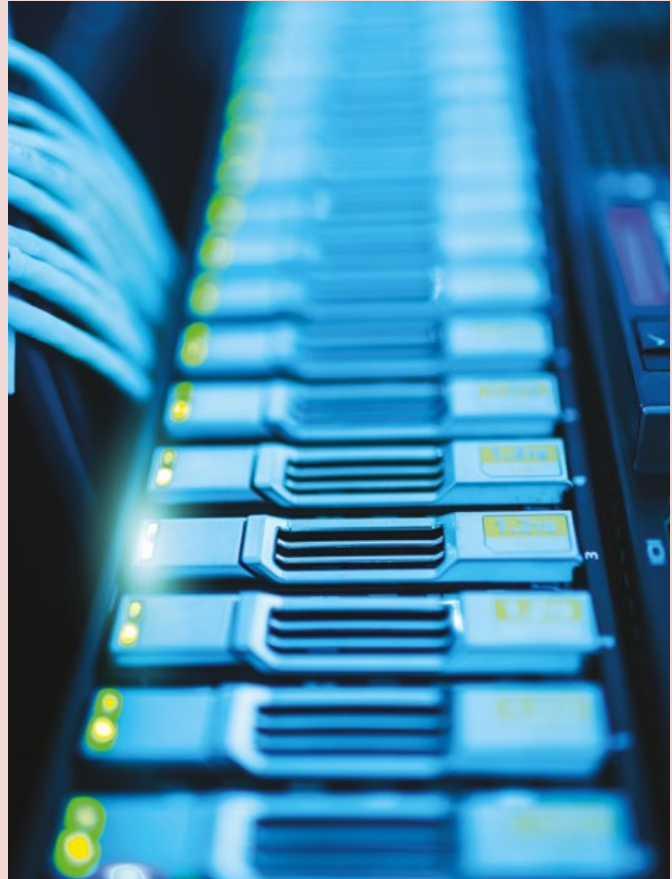


Modern and efficient IT solutions

In November 2022, we successfully converted our hitherto system, SAP ECC, to the most up-to-date version, SAP S/4HANA®, adjusted to the highest requirements of companies in the third decade of the 21st century.

Implementation of SAP S/4HANA®, the most modern ERP-class system on the market, offers a number of benefits:

- Higher efficiency and speed of operation,
- Increased level of automation and improvement of existing processes,
- Use of new functionalities offered by the most recent generation of the system,
- Availability of reports and analyses relying on the new Embedded Analytics tool.



from edge and peripheral devices are in place, and there is also automatic data back-up. We have also implemented so-called “**susceptibility management**”, namely analysis and liquidation of potential or actual gaps in the IT system based on international benchmarks and best practice.

We systematically train and make employees aware both via the training platform, which offers **access to 50 training modules**, and formation of habits in the area of cyber-security. To this aim, we perform e-mail and SMS campaigns checking the employees’ awareness of risks; in case of inadequate conduct from the point of view of cyber-security, the employee is referred to an additional training in this respect.

All the locations where Velvet CARE operates are equipped with a spare satellite link to guarantee security and continuity of the company’s operation in case of crisis incidents and no access to the Internet through standard connection.

Property security/monitoring

The Video Monitoring Integrated Management System is the basis for supervision over the physical security in the plant and is continually extended. In 2022, we reached a level of 650 cameras installed both in the plant and in the warehouses. We also perform other infrastructural work aimed at improving the operation, use and physical security of systems, data and property.

GRI content index

Name of index		Comment	P.
The organisation and its reporting practices			
2-1	Organisational details	Chapter About Us	9
2-2	Entities included in the organisation's sustainability reporting	Chapter About Us	9
2-3	Reporting period, frequency and contact point	The report covers the 2022 calendar year. Annual reporting. Contact point: Anna Lewandowska	
2-4	Restatements of information	Not applicable. This is the first public report prepared on the basis of GRI.	
2-5	External assurance	Chapter About Us	15
Activities and Workers			
2-6	Activities, value chain and other business relationships	Chapter Governance	94
2-7	Employees	Chapter Society	59
2-8	Workers who are not employees within the meaning of the Polish Labour Law		77
Governance			
2-9	Governance structure and composition	Chapter About Us	12

Name of index		Comment	P.
2-10	Nomination and selection of the highest governance body	<p>Members of the Management Board appointed by the Supervisory Board, members of the Supervisory Board appointed by the Shareholders.</p> <ul style="list-style-type: none"> • 2 members of the Supervisory Board appointed by the majority shareholder (Vlet / Abris) • 1 member of the Supervisory Board appointed by the minority shareholder (Betz / Pantos) • 1 member of the Supervisory Board appointed by the Management Board of Velvet CARE • 1 member of the Supervisory Board is an industry expert 	
2-11	Chair of the highest governance body	The President of the Management is also the CEO. The Management Board is supervised by the Supervisory Board – none of its members serve in Velvet CARE.	
2-12	Role of the highest governance body in overseeing the management of impacts	Chapter Governance	85
2-13	Delegation of responsibility for managing impacts	Chapter Governance	85
2-14	Role of the highest governance body in sustainability reporting	Chapter Governance	85
2-15	Conflict of interest	Chapter Governance	100
2-16	Communication of critical concerns	Chapter Governance	100
2-17	Collective knowledge of the highest governance body	Chapter Governance	86-88
2-18	Evaluation of the performance of the highest governance body	Chapter Governance	86-88
2-19	Remuneration policies	Confidential Data	

Name of index		Comment	P.
2-20	Process to determine remuneration	Chapter Society	64
2-21	Annual total compensation ratio	Confidential Data	
Strategy, policies and practices			
2-22	Statement on sustainable development strategy	Chapter Environment and Chapter Governance	30, 87
2-23	Policy commitments	Chapters Environment, Society and Governance	26-55, 56-81, 82-106
2-24	Embedding policy commitments	Chapters Environment, Society and Governance	26-55, 56-81, 82-106
2-25	Process to remediate negative impacts	Chapter Governance	89-98
2-26	Mechanisms for seeking advice and raising concerns	Chapter Society	67
2-27	Compliance with laws and regulations	No lack of compliance detected	
2-28	Membership associations	Chapter Governance	93
Stakeholder engagement			
2-29	Approach to stakeholder engagement	Chapter Governance	89-92
2-30	Collective bargaining agreements	Chapter Society	62
Material topics			
3-1	Process to determine material topics	Chapter Governance	86-88, 95-97
3-2	List of material topics	Chapter Governance	86-88, 95-97
3-3	Management of material topics	Chapters Environment, Society and Governance	26-55, 56-81, 82-106
201-2	Financial implications and other risks and opportunities due to climate change	Chapter Governance	98-99

Name of index		Comment	P.
201-3	Defined benefit plan obligations and other retirement plans	Chapter Society	64
201-4	Financial assistance received from the government	Total amount of assistance received in 2022 was PLN 39,857,703.48. It comprised ERO compensation for 2021 for energy-intensive enterprises and a tax discount from the Special Economic Zone and the Polish Investment Zone.	
Market Presence			
202-1	Ratio of standard entry level wage by gender compared to local minimum wage	Confidential data	
202-2	Proportion of senior management hired from the local community	100% of senior managers are Poles	
203-1	Infrastructure investments and services supported	Chapter Environment	40
203-2	Significant indirect economic impacts	Chapter Governance	96
Procurement practices			
204-1	Proportion of spending on local suppliers	Chapter Governance	102
205-1	Operations assessed for risks related to corruption	Chapter Society	67
205-2	Communication and training about anti-corruption policies and procedures	Chapter Society	67
205-3	Confirmed incidents of corruption and actions taken	Chapter Society	67
Anti-competitive behaviour			
206-1	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	No lack of compliance detected	
Tax			
207-1	Approach to tax	https://www.velvetcare.com/strategie-podatkowe/	

Name of index		Comment	P.
Materials			
301-1	Materials used by weight or volume	Chapter Environment	52
301-2	Recycled input materials used	Chapter Environment	32
301-3	Reclaimed products and their packaging materials	Chapter Environment	47
Energy			
302-1	Energy consumption within the organisation	Chapter Environment	41
302-3	Energy intensity	Chapter Environment	43
302-4	Reduction of energy consumption	Chapter Environment	41-45
302-5	Reductions in energy requirements of products and services	Chapter Environment	41-46
Water and effluents			
303-1	Interactions with water as a shared resource	Chapter Environment	38-40
303-2	Management of water discharge-related impacts	Chapter Environment	38-40
303-3	Water withdrawal	Chapter Environment	39
303-4	Water discharge	Chapter Environment	39-40
303-5	Water consumption	Chapter Environment	39
Biodiversity			
304-1	Operational sites owned, leased, managed or adjacent to protected areas and areas of high biodiversity value outside protected areas	Chapter Environment	48

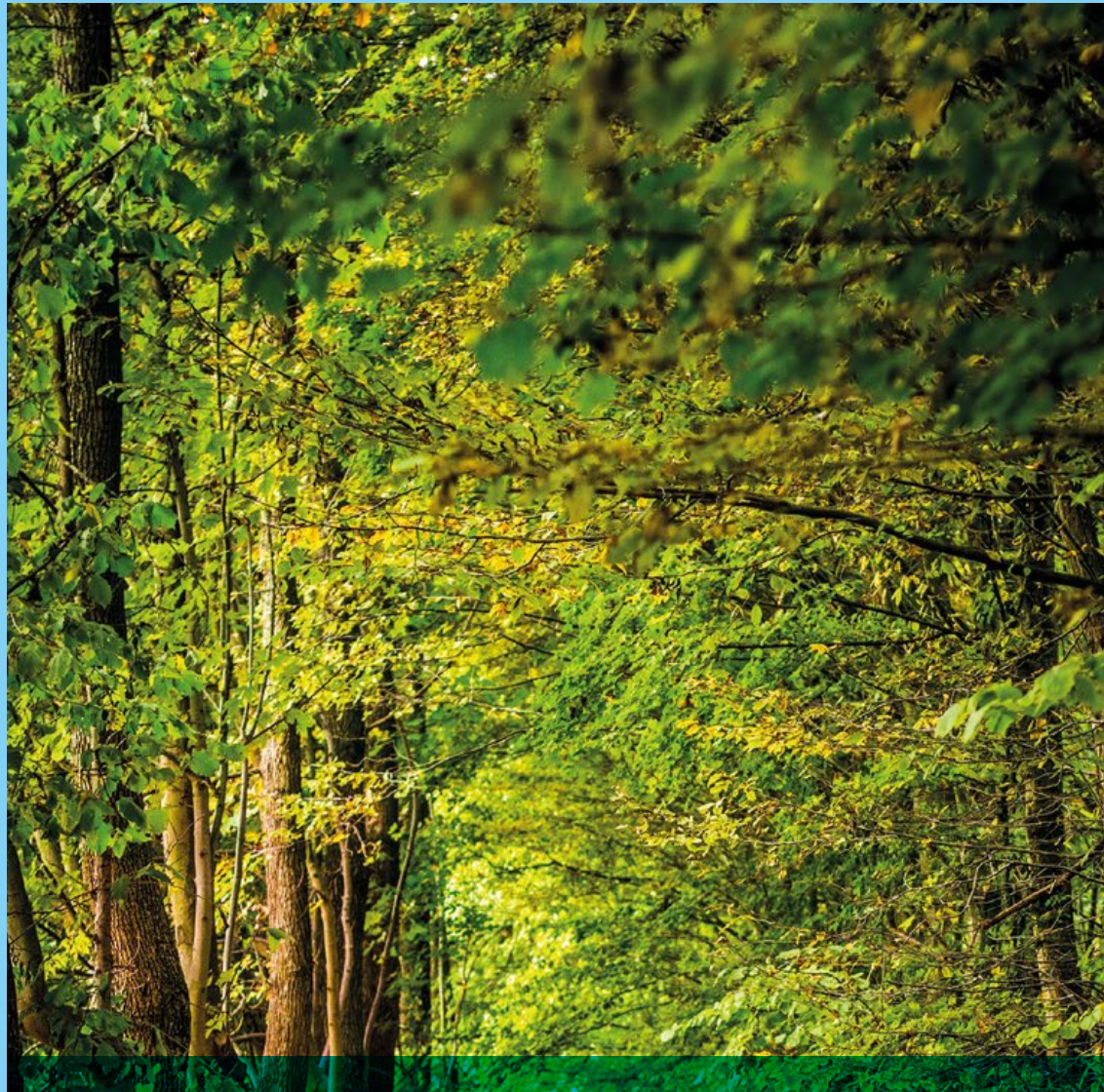
Name of index		Comment	P.
304-2	Significant impacts of activities, products and services on biodiversity	Chapter Environment	48
304-3	Habitats protected or restored	Not applicable	
304-4	IUCN red list species and national conservation list species with habitats in areas affected by operations	Not applicable	
Emissions			
305-1	Direct GHG emissions (scope 1)	Chapter Environment	45
305-2	Energy indirect GHG emissions (scope 2)	Chapter Environment	45
305-3	Other indirect GHG emissions (scope 3)	Chapter Environment	45
305-4	GHG emissions intensity	Chapter Environment	45
305-5	Reduction of GHG emissions	Chapter Environment	45
305-6	Emissions of ozone-depleting substances (ODS)	No separate reports, gases that were released as a result of failure or use are covered by environmental fees	
305-7	Nitrogen oxides, sulphur oxides and other significant air emissions	Chapter Environment	44
Waste			
306-1	Waste generation and significant waste-related impacts	Chapter Environment	47
306-2	Management of significant waste-related impacts	Chapter Environment	47
306-3	Waste generated	Chapter Environment	47
306-4	Waste diverted from disposal	None	
306-5	Waste directed to disposal	Chapter Environment	47

Name of index		Comment	P.
Supplier environmental assessment			
308-1	New suppliers that were screened using environmental criteria	Chapter Governance	101-102
308-2	Negative environmental impacts in the supply chain and actions taken	Chapter Governance	95-96
Employment			
401-1	New employee hires and employee turnover	Chapter Society	60
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Chapter Society	64-65
401-3	Parental leave	Chapter Society	78
Labour / management relations			
402-1	Minimum notice periods regarding operational changes	In line with the applicable provisions of the Polish Labour Code	
Occupational Health and Safety			
403-1	Occupational health and safety management system	Chapter Society	68
403-2	Hazard identification, risk assessment and incident investigation	Chapter Society	68
403-3	Occupational health services	Chapter Society	65
403-4	Worker participation, consultation and communication on occupational health and safety	Chapter Society	69
403-5	Worker training on occupational health and safety	Chapter Society	69
403-6	Promotion of worker health	Chapter Society	65
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Chapter Society	68

Name of index		Comment	P.
403-8	Workers covered by an occupational health and safety management system	Chapter Society	68
403-9	Work-related injuries	Chapter Society	70
403-10	Work-related ill health	Chapter Society	70
Training and education			
404-1	Average hours of training per year per employee	Chapter Society	62-63
404-2	Programmes for upgrading employee skills and transition assistance programmes	Chapter Society	62-63
404-3	Percentage of employees receiving regular performance and career development reviews	Chapter Society	62-63
Diversity and equal opportunity			
405-1	Diversity of governance bodies and employees		79-80
405-2	Ratio of basic salary and remuneration - women to men	Confidential data	
Non-discrimination			
406-1	Incidents of discrimination and corrective actions taken	No cases reported in 2022	
Freedom of association and collective bargaining			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	No cases reported in 2022	
Child labour			
408-1	Operations and suppliers at significant risk for incidents of child labour	No cases reported in 2022	

Name of index		Comment	P.
Forced or compulsory labour			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	No cases reported in 2022	
Security practices			
410-1	Security personnel trained in human rights or procedures	Not applicable	
Rights of indigenous peoples			
411-1	Incidents of violations involving rights of indigenous peoples	Not applicable	
Local communities			
413-1	Operations with local community engagement, impact assessments and development programmes	Chapter Society	71-75
413-2	Operations with significant actual and potential negative impacts on local communities	Chapter Society and Chapter Governance	71, 95-96
Supplier social assessment			
414-1	New suppliers that were screened using social criteria	Chapter Governance	101-102
414-2	Negative social impacts in the supply chain and actions taken	Chapter Governance	95-96
Public policy			
415-1	Political contributions	No political contributions in line with the Donations Policy	
Customer health and safety			
416-1	Assessment of the health and safety impacts of products and service categories	Chapter Governance	103-104

Name of index	Comment	P.
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services Chapter Governance	103-104
Marketing and labelling		
417-1	Requirements for product and service information and labelling Chapter Environment	36
417-2	Incidents of non-compliance concerning product and service information and labelling	No such cases reported in 2022
417-3	Incidents of non-compliance concerning marketing communications	No such cases reported in 2022
Customer privacy		
418-1	Substantiated complaints concerning breaches of customer privacy losses of customer data.	No such cases reported in 2022



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