

FARM FRITES POLAND SUSTAINABILITY REPORT 2014—2016



CONTENTS

04	About this report
06	Strategic message
09	About us
10	Important events in the company's history
11	Awards and honors
12	Governance structure of the organization
14	Financial data
14	Key clients
17	Membership in associations
19	Our strategy
20	Integrated management system
21	Risk management
21	Information security
22	Ethics and values
23	Our stakeholders and form of communication with them
27	The strength of quality
28	Improving quality
30	Customer satisfaction
30	Statistical process control
31	Food safety
33	Processes and fair practices
34	Supply chain
34	Relations with suppliers and business partners

37	Sustainable agriculture
40	Success in partnership
41	Raising awareness
43	Labor practices
44	Workplace
46	Development and trainings
48	More than work
52	Promotion of trends
53	Satisfaction of employees
54	Occupational health and safety
57	Social involvement and development of the local community
58	Impact on positive changes in the environment
60	Cooperation with non-governmental organizations
62	Charitable initiatives
63	Corporate volunteering
65	Environment
66	In the intrests of the environment
67	Energy consumption
68	Production of own electricity
69	Emissions to the atmosphere
70	Water consumption
71	Wastewater management
72	Waste management
73	Methodology and standard disclosures
77	GRI G4 standard disclosures
82	Acknowledgements

ABOUT THIS REPORT¹

This document is Farm Frites Poland SA's second report on sustainability. The first report, published in 2015, covered primarily the period 2012-2013, but also presented the effects of FFP's activities that reflected the idea of sustainability in previous years. In the first report, we declared that we are going to report our sustainability activities every two years. However, having analyzed many aspects, we came to the conclusion that reporting in a three-year cycle is more suitable for the character of our industry, which deals with processing of natural raw material – potatoes. **This report has been prepared in accordance with the guidelines of the Global Reporting Initiative (GRI), version G4, core option.** We employed GRI's guidelines and principles in determining the reporting aspects.

The 2014-2016 sustainability report concerns the Farm Frites Poland SA production plant located in Lębork on Abrahama 13 Street. Farm Frites Poland Dwa sp. z o.o. farm located in Bobrowniki 19, in Damnica commune, is a related company to FFP SA, as well as the largest and most important supplier of potatoes to the plant. For this reason, the report contains a lot of information on the good agronomic practices applied on this farm's fields.

The report has been developed without any limitations to its scope and boundary, taking into account the company's trade secret and confidentiality of its employment contracts. The report has not been subjected to an independent audit. However, the data presented in the report is an element of Farm Frites Poland's social and environmental performance reporting whose reliability is verified because a significant part of the Farm Frites Poland's results presented in the report is subject to periodic external audits (ISO 14001, OHSAS 18001, FSSC 22000). The main areas of our activities are subject to regular internal audits. Additionally, external experts participated in the process of collecting and preparing the data.

During the reporting period, the location of the company did not change, and thus its main operations are still performed in Lębork, at Abrahama 13 Street. Also, during the period covered by this report the share capital structure, supply chain, relationships with suppliers and business model

¹ G4-3, G4-5, G4-13, G4-22, G4-23, G4-28, G4-29, G4-30, G4-31, G4-32, G4-33



remained unchanged. For any questions, concerns or suggestions concerning the report or other issues related to Farm Frites Poland's sustainability, please contact Katarzyna Majchrzak – Communication and Community Involvement Manager (katarzyna.majchrzak@ffp.pl) or Wojciech Kiedrowicz – Environmental Protection & Sustainability Senior Manager (wojciech.kiedrowicz@ffp.pl).

STRATEGIC MESSAGE

Ladies and Gentlemen,

When in 2014 we were working on our first corporate social responsibility report for the period 2012-2013, we were a company that existed for 20 years on the Polish market.

The jubilee year was an exceptional time when a lot of events addressed to our employees, business partners and local community members took place. It gave us the opportunity to summarize the last two decades of hard work and development, as well as to thank all those without whom our success would not be possible.

As the President and the Chief Executive Officer, I have been associated with Farm Frites Poland from the very beginning. I know the employees' names, especially those who started working in 1994. In September 2014, during a formal anniversary gala in the Baltic Philharmonic, I was able to thank as many as 34 employees, which constitutes more than 15 percent of the whole staff, who that year celebrated 20 years of working for FFP. Every year, the number of people who have worked in our company for 20 years is growing. On the one hand, I am very glad because it confirms our good working conditions, but on the other, it poses a challenge that we will have to face soon, that is the retirement of the oldest and most experienced employees.

Every year, we remember that it is the people that build our company. We appreciate the opinions of all our employees, and their contribution to facing the current and future challenges together, as a team. This inspired me to make a small change in our company's mission, and thus in 2015 the word "Together" was added, which now reads as follows: "What we do, we do well. What we do well, we can probably do better – TOGETHER".



Since the release of our first report, nothing has changed in terms of the company's priorities – it is still the highest quality in food production, in business relations, relations with employees and the local community, as well as in activities for environmental protection. So everything that guarantees sustainability and builds the company's organizational culture which can, and does, make us proud.

We cannot forget about the challenges that we will have to face in the coming years. In addition to the already mentioned aging of the staff, we have to also consider the challenges on a national or even global scale, such as the depleting drinking water resources, emission of gases and bioterrorism. This is why we identify potential risks on an ongoing basis and seek ways to handle them.

This report reflects the continuity of our actions for sustainability, our openness to new solutions and our commitment to continuous improvement, both of our production processes and human relations. Sometimes I can hardly believe that so much happens every year and I am glad that it is the second time that the document summarizing our achievements is being published.

Enjoy your reading

E.C. Lehmann-Bärenklau
President & CEO

ABOUT US

08

09





IMPORTANT EVENTS IN THE COMPANY'S HISTORY²

- 1993 ○ Farm Frites Poland SA was established – a joint venture of two Dutch potato processing producers: Farm Frites and Aviko.
- 1994 ○ The plant was opened and the French fries production line was launched.
- 1995 ○ McDonald's became our client and still is to this day.
- 1998 ○ Our quality system was certified with the ISO 9001 standard and HACCP.
- 2001 ○ Our environmental management system was certified with ISO 14001 standard.
- 2004 ○ Potato pancakes production line was launched.
- 2006 ○ Farm Frites and Aviko sales and marketing departments were separated from the FFP structure.
- 2011 ○ Potato flakes production line was launched.
- 2014 ○ We celebrated our 20th anniversary. We were given the certificate for Occupational Health and Safety Management System in accordance to the Polish PN-N-18001:2004 standard and the international OHSAS 18001:2007 standard.
- 2015 ○ Our first Corporate Social Responsibility report for the period 2012-2013 was published.
- 2016 ○ We developed unique on the market gluten-free pancakes recipes and launched their production. New packaging hall was opened.



AWARDS AND HONORS

We are pleased that our work on the highest quality of our products, as well as our commitment to activities for the benefit of the environment, employees and the local community, are appreciated, which is reflected in numerous awards received in the period 2014-2016.

- 2015 ○ "Certificate of the Lębork Land" – special award given to us in appreciation of the 20 years of our business activities in Lębork
- 2015 ○ "Quality Award" – granted in gratitude for the high quality of products supplied to McDonald's
- 2015 ○ Leaders of Philanthropy – third place in the category "Company which in the past year gave to charity the highest percentage of its income before tax"
- 2016 ○ "Healthy employee, healthy company" – first prize in the medium-sized enterprises category in the Employers of Poland contest; awarded for "promoting physical activity among employees, healthy eating and 'work life balance', as well as undertaking great effort in the field of health policy"
- 2016 ○ Lębork County Benefactor of the Year 2016 – an award granted by the Regional Youth Center in Lębork "in acknowledgement of the company's commitment in social activities, propagating the idea of volunteering and inspiring others to be active"



GOVERNANCE STRUCTURE OF THE ORGANIZATION³

Top Management is responsible for governing the company, it is composed of:

Ernst Christoph Lehmann-Bärenklau

– President & CEO

Rafał Reszka

– Vice-President & CFO

Adam Klasa

– COO & Member of the Board

Grażyna Nowak-Połomska

– Company Development & McDonald's Business Unit Director

Dorota Markiewicz-Kubik

– HR, Communication and Community Involvement Director

Dariusz Wierzbicki

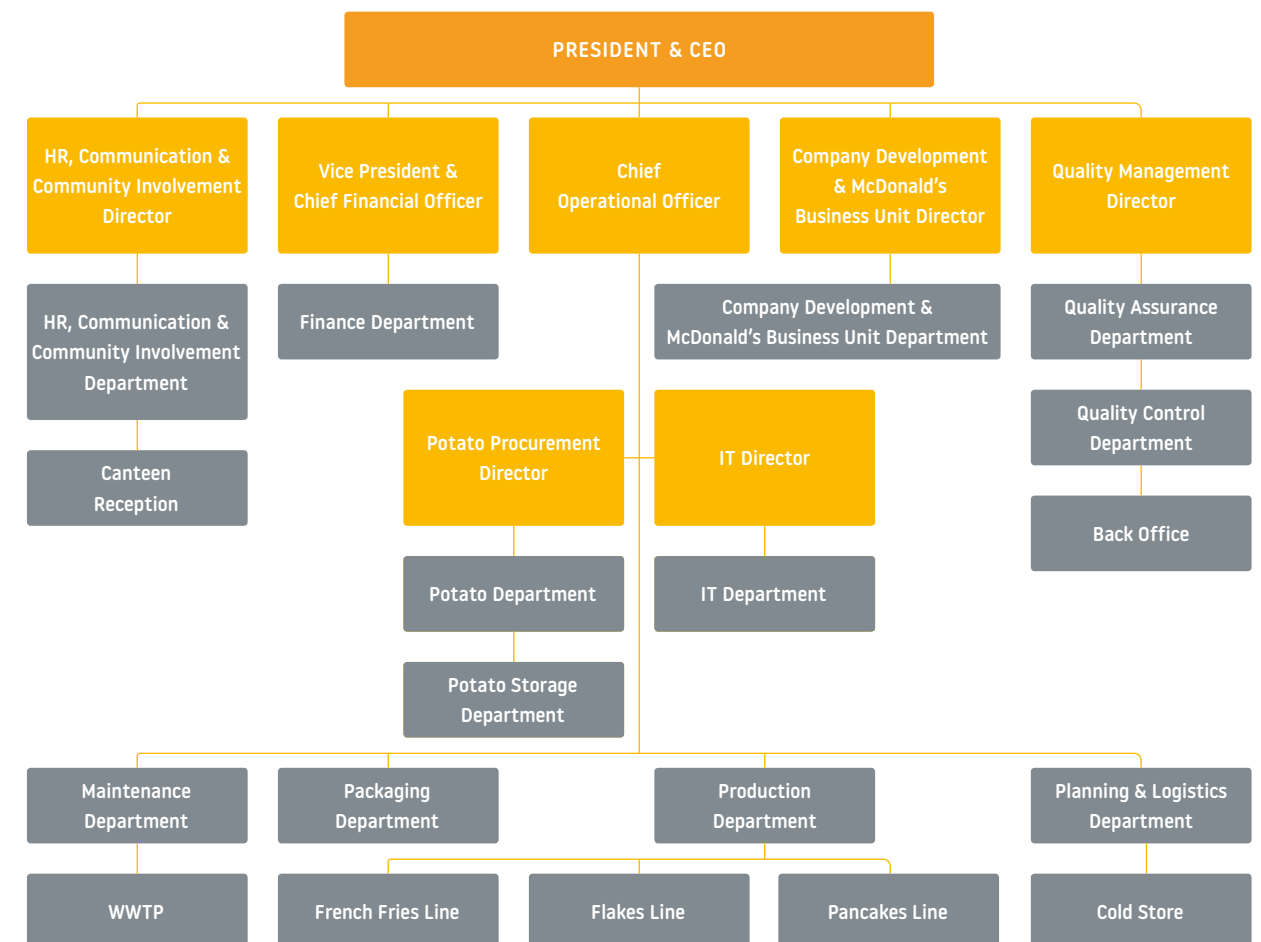
– IT Director

Jarosław Wańkowicz

– Potato Procurement Director

³ G4-34, G4-LA12

GOVERNANCE STRUCTURE OF FARM FRITES POLAND SA (AS ON 31.12.2016)



FINANCIAL DATA⁴

YEAR (DATA IN PLN THOUSAND)	2014	2015	2016
Revenues	283 033	272 839	302 528
Operating costs	226 338	213 941	231 238
Remunerations and employee benefits	19 437	20 979	24 102
Payments to capital providers	19 642	19 857	29 177
Payments to state institutions	3 518	3 748	3 712
Community investments	414	262	282
Total costs	269 349	258 787	288 511
Economic value retained	13 684	14 052	14 017

KEY CLIENTS⁵

Farm Frites BV is one of the two founders and shareholders of our company. The company was established by Gerrit de Bruijne in Oudenhorn, the Netherlands, in 1971. At present, the head of this independent family company is Piet de Bruijne, the founder’s son. Farm Frites currently has 43 trade offices and 7 plants, where it employs around 1 500 people. Farm Frites plants process about 1 500 000 tons of potatoes annually and its potato products are distributed to over 100 countries around the world.

Aviko BV (Grupa Aviko) is the other founder and shareholder of our company. The company was established by a group of 32 Dutch farmers in 1962. Aviko currently has 12 plants in Europe and China, and more than 20 sales offices. Products under the Aviko brand reach over 100 countries on all continents.

McDonald’s – is our most important client, as well as the largest and the best-known chain of fast food restaurants in the world. Our company has been McDonald’s supplier uninterruptedly since 1995. Because of the highest quality of our French fries, they are now delivered to over a 1000 McDonald’s restaurants in the following 12 countries: Poland, the Czech Republic, Slovakia, Ukraine, Latvia, Lithuania, Estonia, Russia, Belarus, Serbia, Kazakhstan and Bulgaria.

⁴ G4-9
⁵ G4-6, G4-7, G4-8



Our long-term cooperation with McDonald’s goes far beyond the usual commercial relations and it is based on shared values, such as openness, loyalty, fair play rules, but also widely understood responsibility.

The McDonald’s Corporation presents a clear strategy in the area of sustainability throughout the entire chain, from field to customer. The journey towards a sustainable supply chain begins with direct suppliers, such as our company.

We accept and implement the vision of sustainability that assumes constant improvement in the protection of the natural environment, ethics and working conditions, economic issues, as well as inducing a positive impact on the local community in which we operate.

We regularly support charitable programs of the international Ronald McDonald House Charities, which directly contribute to the improvement of health of children in many countries. We are active members of the Polish Council of the Ronald McDonald House Charities.

I have the pleasure to have been working with McDonald’s for many years. It is an extremely demanding client. Thanks to the great commitment of the company’s management, passion and ambition of our employees, it is possible to meet the ever-growing standards and expectations. We are proud that McDonald’s appreciates our efforts and trusts us, which is manifested by the more and more extensive cooperation. We are aware of the fact that due to cooperation with such a demanding partner we are becoming a better, more modern and responsible company.

GRAŻYNA NOWAK-POŁOMSKA
Company Development & McDonald’s Business Unit Director



MEMBERSHIPS IN ASSOCIATIONS⁶

Thanks to our membership in Polish and international organizations, we are regularly informed about changes in regulations or the latest trends in the food industry. We also have the opportunity to propagate ideas that are important to us, e.g. related to sustainable agriculture.

Polish Association of Sustainable Agriculture ASAP – our company is one of the founders of the first Polish association of companies representing various industries of the food production chain who aim to promote the idea of sustainable agriculture.

European Potato Processors' Association (EUPPA) – brings together potato processors and plays an active role in matters related to food safety and sustainability.

Sustainable Agriculture Initiative Platform (SAI) – supports sustainable agriculture.

Polish Federation of Food Producers – its objective is to ensure effective participation of business entities in creating legal, organizational and economic conditions for the food industry development.

Polish Potato Association – a nationwide organization that engages in activities aimed to integrate and develop the potato industry, as well as strengthen the position of potatoes in the national economy.

Rekopol Organizacja Odzysku Opakowań SA (Packaging Recovery Organization) – supports entrepreneurs in the field of packaging recovery and recycling.

⁶ G4-15, G4-16



OUR STRATEGY

INTEGRATED MANAGEMENT SYSTEM⁷

In Farm Frites Poland, we have been promoting the integrated approach to company management for many years. We believe that apart from the company's economic development, it is crucial to attach same importance to every other aspect of the organization's operations. This approach ensures sustainable development and builds the organizational culture of the company. Therefore, while implementing our strategy, we take into account the expectations of all company's stakeholders, i.e. owners, clients, employees and farmers, but also suppliers, local community and industry associations.

RAFAŁ RESZKA

Vice-President and CFO

To create individual value, it is necessary to understand the context of the company's operations. To this end, we improve the functioning of our processes, both strategic, processing and supportive. This is why process management recently became the key to our company's improvement.

Our strategic goals are aimed primarily at maintaining good and close relations with our clients, as well as increasing the company's efficiency.

In the area of the sustainable development strategy, we focus especially on process improvement, quality, sustainable agriculture, best practices relating to work, social involvement and development of the local community, as well as caring for the environment.

INTEGRATED MANAGEMENT SYSTEM POLICY

OUR MISSION

What we do, we do well. What we do well, we can probably do better – TOGETHER.

OUR VISION

We are the leading producer of potato products.

We come up to our clients' expectations.

We care for the environment.

We respect our employees, partners and clients.

OUR STRATEGY

We realize the principle of sustainable development and social responsibility acting in accordance with internal policies

OUR POLICIES

Risk Management

HR Management

Industrial Safety and Hygiene

Food Quality and Safety

Environmental

Community Involvement

Information Security Management



RISK MANAGEMENT⁸

In our industry we have always been managing risk, but in 2014 we have decided to manage risk in a comprehensive manner. We based risk management on requirements of the PN-ISO 31000 standard. As part of the implemented system, we identified risks, performed a risk analysis, determined the responsibility and monitoring method. We have created a Risk Register which is reviewed internally by the Risk Management Team. We evaluated our risks based on the consequences: human, financial, environmental, those impacting our image, as well as the operational and strategic activities of the company.

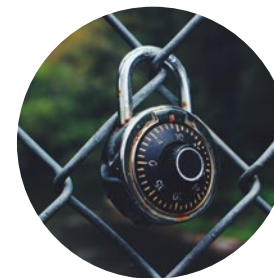
INFORMATION SECURITY

Since 2015, the information security management system in our company is based on the ISO 27001 guidelines. We have recognized our company's knowledge and internal information as our most valuable asset, and for this reason ensuring control over the level of information security became one of our priorities.

Until now, as part of the system implementation, we have distinguished two categories of documents: confidential and internal, we have developed the Personal Data Protection Policy and conducted numerous internal trainings for our employees.

INFORMATION SECURITY MANAGEMENT SYSTEM ISO/IEC 27001

INFORMATION SECURITY POLICY



PHYSICAL SECURITY



COMPUTER SECURITY



ORGANIZATIONAL AND LEGAL SECURITY



PERSONAL SECURITY

ETHICS AND VALUES⁹

At the beginning of 2016, we started working on a code of ethical conduct which was to define the rules of conduct of our employees, both in internal, as well as external relations. The first step was consulting our employees – representatives of each department, as we discussed the areas that should be covered by the code, as well as acceptable and unacceptable behaviors of both the employees and the management of our company. The consultations also resulted in defining values that the employees think best represent our company.

OUR VALUES:



OPENNESS



RESPECT



RESPONSIBILITY



PROFESSIONALISM



COOPERATION

We have been building our relations with employees, business partners and local community on these values for years, but it was only while working on the code that there was an opportunity to name and clearly define them.

The code came into effect in January 2017. This is when we performed elections to the ethics commission, which ensures that the code is observed and receives reports on its violations.



Our goal:

*to perform a training on ethics
for all employees by the middle of 2018.*

OUR STAKEHOLDERS AND FORMS OF COMMUNICATION WITH THEM¹⁰

Our stakeholders are essential for our business operations because they have a considerable impact on FFP's functioning and they are influenced by our activities. We are committed to building partner relations based on trust, working out common values and long-term cooperation.

Out of all our defined stakeholders, the company's top management identified six key stakeholders, by using two criteria: interest in the company's activities and potential impact on the company. They were rated on their level of significance on a scale of 1-5, where 1 meant "no or negligible", and 5 – "very high". The key stakeholders became those for whom the sum of points in these two categories was above 7.



We are engaged in regular and open dialogue with particular stakeholder groups.

KEY STAKEHOLDER	FORM OF DIALOGUE
Owners	<ul style="list-style-type: none">• direct meetings• current and periodic reports• annual report
Clients	<ul style="list-style-type: none">• Customer Service and McDonald's Business Unit• direct meetings• constant e-mail and telephone contact• customer satisfaction surveys• reports, statements• product tests• supporting events/initiatives organized by the client• newsletter• catalogs• sustainability report
Employees	<ul style="list-style-type: none">• satisfaction surveys• internal meetings• Intranet• social media: Facebook• newsletter "Important information at the end of the week", printed and electronic• corporate newsletter "What's up?", printed and electronic• opinion surveys• corporate volunteering• sustainability report
Farmers	<ul style="list-style-type: none">• regular meetings and contact with employees of the Potato Procurement Department – agronomists• industry meetings, fairs• trainings and workshops• assistance in certification• opinion surveys
Local community	<ul style="list-style-type: none">• local and regional media• internet website – contact form• social media: Facebook• open days• corporate volunteering• partnership in local events• meetings with representatives of local authorities and non-governmental organizations• contact form on the internet website
Business partners	<ul style="list-style-type: none">• direct communication with dedicated people from the company• industry meetings, fairs• audits• surveys• catalogs

EXAMPLES OF TOOLS FOR COMMUNICATION WITH OUR STAKEHOLDERS

FFP's Facebook profile was created in 2014 and in three years it has reached over 1000 likes. Its main purpose is to promote our activities organized for our employees and the local community. The recipients are also able to contact us and provide us with their opinion on our company.

Internet website – in 2016 we have been working on modifying the web-site – a new graphic layout was created, as well as a separate tab dedicated to responsible activities of our company for the quality of our products, environment, our employees and the local community.

"What's up?" and "Important information at the end of the week" – these are two publications for our employees that are published in a printed and an electronic form. The first one is a several page summary of the company's all-year activities, while the second one is released every Friday and in a short form informs the employees about important events that has happened in the company and that will happen in the near future, as well as informs about the activities that we organize or partner in outside of working hours.

We are constantly working on improving our communication with the employees and making it more attractive, and thus in 2017 we are planning to launch corporate television.

Open day – in June 2014, our company was visited by over 500 people. It was a great opportunity to take a closer look at the French fries and potato pancakes production process and also share opinions about our company.

THE STRENGTH OF QUALITY

IMPROVING QUALITY¹¹

The mission of our company reads – What we do, we do well. What we do well, we can probably do better – Together. The mission fits in perfectly in the concept of improvement because our yesterday's achievements become today's minimum, and our yesterday's perfection becomes today's norm. This is what gives us the strength and competitive advantage, and what drives us to develop all aspects of the company's activities."

MAŁGORZATA KONIUSZY
Quality Assurance Manager



We treat quality as a tool for improving all areas of our activities, and systematic approach allows us to do so. We are increasingly interested in subjects related to risk management and we are introducing an information security management system according to ISO 27001 standard. It is also a step towards building our strength, and at the same time inspiring trust and gaining recognition in our clients and other stakeholders.

We have been cooperating with trusted suppliers for years, we regularly visit them and at the same time we invite them to our company to share best practices. We have devoted much attention recently to the subject of food fraud, and we are looking for possible solutions for effective verification of suppliers and additives used in our production.

Every year we are subjected to several external audits. All audits performed in 2016 had a positive result.

2016 AUDIT SCOPE	NAME OF THE REQUIREMENT	AUDITING COMPANY
Environmental management	ISO 14001:2004	Lloyd's Register QA
Coordinator	OHSAS 18001:2007	TÜV Nord
Sustainability	SWA McDonald's	Intertek
Sustainable supply chain	RSPO Supply chain	TÜV Nord
Product quality and safety	GMP Standard	AIB
	SQMS	AIB
	Tesco Standard	SAI Global
	IKEA IWAY	IKEA
	Kosher	Union of Religious Communities
	Halal	Halal Correct
	FSSC 22000	TÜV Nord

11 G4-DMA



Sensory value of our products is crucial for us, and this is why we invite our employees to enter a journey through senses, which we have started with professor Nina Baryłko-Piekielna. We attach great importance to internal trainings in this field. In the period 2014-2016, about 50 employees from all departments related to production were trained. The sensory trainings include both a theoretical part, thus basic terminology and other related issues, as well as practical exercises that verify the individual sensory sensitivity of all participants. Sensory cabins are used for sensory evaluation of new production additives and products from production tests. We are constantly improving our sensory skills. We train all employees who are involved in the evaluation of raw material, semi-finished product or finished product. Our panel team is a group of people with many years of experience.

JOANNA DAWIDOWSKA
Quality Control Manager

CUSTOMER SATISFACTION¹²

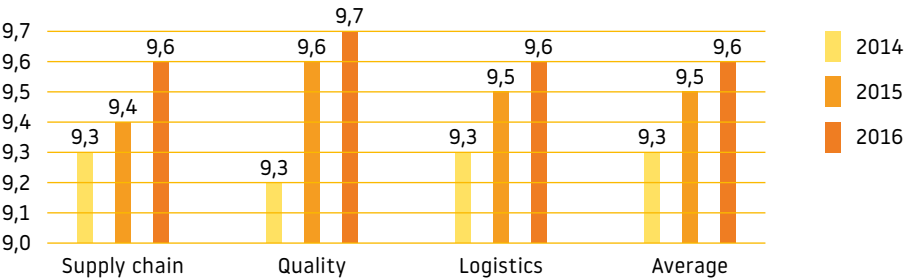
Every two years we ask our clients to share their opinions on our operations. Below we present FFI's and Aviko's customer satisfaction surveys including four areas: quality, communication, product and NPD, as well as orders and SLA.

CRITERIA FOR EVALUATION	AVIKO (%)	FARM FRITES (%)
QUALITY	94	83
COMMUNICATION	80	79
PRODUCT AND NPD*	87	75
ORDERS AND SLA**	83	72

* **NPD** – new product development
** **SLA** – Service Level Agreement, an agreement between FFP, Aviko and Farm Frites that specifies the requirements for orders

Every year we conduct a McDonald's customer satisfaction survey, where on a scale of 0-10 three areas are rated: supply chain, quality and logistics. Representatives of all markets where we operate, as well as employees of distribution centers are invited to take the survey.

MCDONALD'S CUSTOMER SATISFACTION



STATISTICAL PROCESS CONTROL (SPC)

Farm Frites Poland began implementation of the Statistical Process Control (SPC) in 2012 to ensure constant and consistent quality of our products. This tool enables monitoring whether the production process is predictable in its behavior. In the years 2014-2016, we continued the development of this tool by introducing the following changes:

12 G4-PR5

- more attributes were added to the SPC system on the French fries line (end product temperature and semi-product online length measurement),
- the first potato flakes line attribute was introduced in the SPC system (product moisture),
- the control room has been modernized by installation of modern software to make full use of the statistical and IT tools for monitoring the production process,
- an online visualization panel for the production process of fries and flakes was developed and implemented. It is our own, unique solution, not available on the market.

In 2014, our experts in this field had a lecture entitled "Who rules your process" during the 4th Open LEAN Conference in Poznań, and on November 2015, they shared their experiences in the development of SPC during the McDonald's Supply Chain Knowledge Synergy Forum.

FOOD SAFETY

In 2015, we have decided to replace the ISO 22000 system with the new FSSC 22000 (Food Safety System Certification) standard. It is an international standard specifying the requirements for the Food Safety Management System.

The implementation of additional requirements described by the FSSC 22000 standard supports our strategy of food safety and quality. Among others, the FSSC 22000 standard imposes that we provide measures to prevent intentional or accidental contamination of food, including bioterrorism. Details of the FSSC 22000 requirements are also included in the Pas 96 (Publicly Available Specification) document, which provides guidelines on how to protect food against attack threats, including deliberate infection with toxic substances or sabotage against the supply chain.



PROCESSES AND FAIR PRACTICES

SUPPLY CHAIN

Farmers	76 farms, about 220 000 tons of potatoes
Suppliers	Palm oil (RSPO) and sunflower-rapeseed oil, packaging materials, energy and water a company transporting potatoes
Plant	data for 2016: French fries production – 102 417 tons Potato flakes production – 4 578 tons Potato pancakes production – 2 889 tons
Cold stores	own and external, e.g. PAGO in Łębork
Transport companies	Farm Trans (FFG products), Havi Logistics (McDonald's products)
Key clients	Aviko, Farm Frites and McDonald's

RELATIONS WITH SUPPLIERS AND BUSINESS PARTNERS¹³



Since it was established, Farm Frites Poland has always attached great importance to building successful and lasting relationships with suppliers of production additives, equipment, raw material and services. We believe that what is material to create such relationships is proper communication and clear definition of the principles of cooperation. By business partners

we mean strategic suppliers, that is a company transporting potatoes, cold stores storing our products, a company receiving production waste and a cleaning company.

We present our specific requirements on quality and sustainability to all our suppliers and business partners. We have defined our requirements towards suppliers after analyzing the requirements of our major clients. The analyzed documents concerned business ethics, proper employment procedures, occupational health

Our relations with all of our suppliers are based on partnership principles, where we all aim to both sides benefiting from the cooperation. Together with our suppliers, we carry out product and/or service optimization projects. We believe that mutual understanding of our businesses is the best way to continuous improvement.

TADEUSZ SZKUDLAREK
Logistics Manager

13 G4-DMA, G4-SO5

and safety, employee trainings, environmental protection and waste management.

Due to the fact that our primary production material are potatoes, we have dedicated a whole chapter of the report to relations with farmers and the requirements for this key raw material.

Every year we check and verify whether our suppliers comply with the principles required by our company and our clients. In 2016, internal auditors performed 22 audits, including 5 audits of suppliers of storage and transport services, 3 audits of suppliers of packaging materials and 14 of other external companies.

In the reporting period, we have not terminated cooperation with any of the suppliers due to a breach of business ethics or corruption. In addition, no court cases regarding corruption were brought against the company or its employees.

REQUIREMENTS FOR INDIVIDUAL GROUPS OF SUPPLIERS.

PRODUCTION ADDITIVES – PRODUCERS	PRODUCTION ADDITIVES – DISTRIBUTORS	PACKAGING MATERIALS	STORES / COLD STORES	EXTERNAL COMPANIES SERVICES / EQUIPMENT
Standard BRC or IFS or FSSC 22000	Standard: BRC – agents and distributors	Standard: BRC Packaging	Standard: BRC Stores	FFP instruction external companies
Basic documents: → Product passport → Additive producer audit	Basic documents: → Product passport → Additives distributor audit	Basic documents: → Declaration of conformity → Packaging supplier audit	Basic documents: → Sanitary requirements for transport and storage	Basic documents: → Agreement → Declaration of compliance with legal requirements

SUSTAINABLE AGRICULTURE¹⁴

36

37



Potatoes are our main raw material and 100% of them are sourced from fields located in Poland. We manufacture products of the highest quality and for their production we require from our suppliers more than 220 000 tons of raw material that meet high requirements. We work with several dozen farms, out of which 84% are certified with the GLOBALG.A.P. standard. Other farmers are covered with our internally developed standard called FARMAAP. We require the introduction of the GLOBALG.A.P. standard within the first three years of contracting, but we assist the farmers in the process of the standard implementation.

ANDRZEJ MOCH
Agronomy Inspector

We want our suppliers to be sustainable in their production, based on three pillars:



ENVIRONMENT

Food production in harmony with the natural environment. Awareness of limited natural resources of the Earth requires care for the soil, water and air used by a farm.



SOCIETY

Support and development of local rural communities. Farmers' joint activities may concern soil management, shortening the food supply chain or supporting joint environmental protection projects.

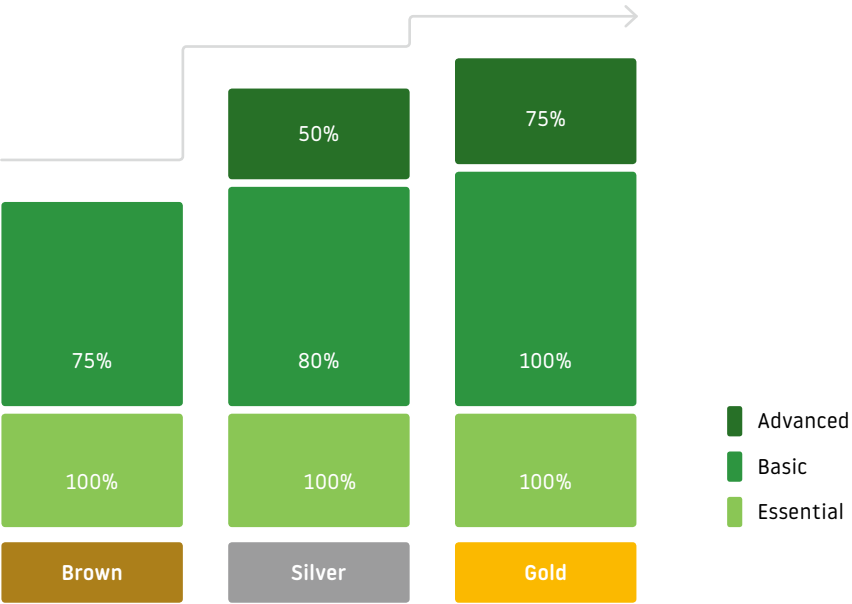


FARMER'S PROFIT

A farmer is the key link in the food value chain. He is a food producer. In addition, he performs a service to the society, namely manages the environment and rural landscape, for which he should receive an equitable gratification.



In order to estimate the level of sustainability of our suppliers, we have decided to employ the FSA2.0 (Farm Sustainability Assessment) checklist, developed by the Sustainable Agriculture Initiative Platform – an organization that helps companies achieve sustainable production of crops. This list consists of 15 areas covering all of the three pillars mentioned above. It is universal and used all over the world, which gives us the opportunity to benchmark with other similar companies.



Our goal:

Until the end of 2018, we plan to carry out internal audits according to the FSA list at all of our contract suppliers.

Results of internal audits according to the SAI list are presented in the form of one of three colors (brown, silver, gold) and a percentage of coverage of particular issues. By 2016, we have performed internal audits in 53 out of 76 farms contracted with FFP.

THE RESULTS OF INTERNAL AUDITS OF THE FSA2.0 CHECKLIST

10 farms	Gold
43 farms	Silver



SUCCESS IN PARTNERSHIP

We are an active partner of our farmers, whom we not only encourage to run their farms in a sustainable manner, but also show them how to do it. Being a partner means efficient, two-way communication and individual treatment. Our agronomists provide assistance and support the farmers with their professional knowledge in every situation. This allows to build a strong bond between the assistant and the supplier and it results in a successful cooperation. The visible effect of this approach is a large number of farmers who have been cooperating with FFP from the very beginning. Using various forms of direct communication, with the help of agronomists, and indirect communication, in the form of various surveys, we develop the best forms of cooperation, such as: the possibility of group negotiations when concluding contracts, development of own IT system called RUPR, which allows registration of field operations and



online tracking of the results of raw material evaluation during deliveries, which in turn gives full transparency to both parties.

While expecting and promoting a sustainable approach, we also focus on training our farmers. Every year, we organize field meetings on the farms in small groups. It is an opportunity to exchange experiences and discover technologies. It also raises a sense of community and responsibility for the product – potatoes. We organize winter workshops where we share knowledge about new potato cultivation technologies, as well as safe food production and various elements of sustainable agriculture. We have created a series of trainings “Tour the Farm”, where we show our suppliers farms that are efficiently managed in a sustainable way. As an example for suppliers, we show them our own farm, Farm Frites Poland Dwa, which, as a participant in the prestigious McDonald’s Europe program called Flagship Farms, has been implementing the principles of sustainable agriculture for many years. A great example is the **Bee Friendly** project, which is primarily based on the application of good agricultural practices that are friendly to bees.

RAISING AWARENESS

FFP does not limit itself to implementing sustainable agriculture among its suppliers. As an active member of SAI Platform, we feel responsible for spreading the principles of sustainable agriculture in Poland. In 2014, together with several partners, we established Polish Association of Sustainable Agriculture “ASAP”. ASAP is a non-profit initiative of a group of people and companies representing various sectors of the food value chain. As members of the association, we actively participate in promoting sustainable agriculture through such activities as:

- development and implementation of sustainable agriculture standards in farms,
- supporting the development of broadly understood competences of farmers participating in the project,
- creation of educational platforms.

LABOR PRACTICES



WORKPLACE¹⁵



"It is the people that build our company." This slogan is guiding us in planning and implementing our people management policy. We build an organizational culture based on openness, respect, trust and a sense of security. Our employees, the majority of whom are inhabitants of the Łębork district, can rely on stable employment, timely remuneration, trainings, as well as help in developing non-professional passions. We focus on good communication with both the supervisors as well as between departments. During many years of working together, we have established close relationships, often going beyond the professional framework. There is a reason why we are referred to as a "family business". After having worked together for so many years, we can confidently say that we like and support each other, although, as in any family, sometimes problems arise and we try to solve them.

DOROTA MARKIEWICZ-KUBIK
HR, Communication and Community Involvement Director

TOTAL NUMBER OF EMPLOYEES BY GENDER, TYPE OF EMPLOYMENT CONTRACT, AREA OF RESIDENCE, JOB SENIORITY AND LEVEL OF FLUCTUATION.

EMPLOYMENT	2014	2015	2016
all employees	197	205	215
women	31	35	36
men	166	170	179

EMPLOYMENT BY THE TYPE OF EMPLOYMENT CONTRACT (%)	2014	2015	2016
permanent employment	97%	98%	93%
other contracts (fixed-term, probation, replacement)	3%	2%	7%

SENIORITY (%)	2014	2015	2016
under 5 years	23%	23%	26%
6–10 years	21%	19%	16%
11–15 years	12%	12%	12%
16–20 years	44%	30%	20%
over 20 years	—	16%	26%

DATA FOR YEARS	2014	2015	2016
Employee fluctuation (%)	1,02%	3,43%	1,87%

PLACE OF RESIDENCE OF EMPLOYEES (%)	2014	2015	2016
Łębork and the Łębork district	88,20%	87,37%	88,63%
outside the Łębork district	11,80%	12,63%	11,37%

In the reporting period, there was no collective bargaining agreement in the organization.

15 G4–11, G4–LA1, G4–DMA, G4–9, G4–10



DEVELOPMENT AND TRAININGS

Development has always been and is a natural and indispensable element of work in our company.

Years of observing our business environment led us to believe that the next decades will belong to companies and organizations whose greatest assets are the skills of their employees.



We decided that education is crucial from the point of view of creating solutions and optimizing the company. The concept that we adopted could be called “progressive”. We try to emphasize the preference of learning through practice and observation. We seek to understand the dependencies that occur in our technology and processes, by learning about their variability and by interdisciplinary approach to problem solving.

KAROL PTACH
Technology Development Manager

The idea formulated in this way required creation of a coherent program for managing knowledge – “Knowledge Management System”. At its base is always the **basic knowledge**, compulsory for all employees. Then the knowledge necessary for our work – **technology**. Then there is knowledge related to the **development of competences** for a selected group of employees. Training skills that allow to **share knowledge** with other employees. And finally, acquiring the so-called “new knowledge” through experiments and **understanding variability** using statistical tools.

KNOWLEDGE MANAGEMENT SYSTEM

UNDERSTANDING VARIATION	A series of trainings on Six Sigma (Black Belt, Green Belt) for a group of employees <ul style="list-style-type: none">• DoE – (Design of Experiments)• SPC – employing statistical methods to control and analyze a process• MSE – measurement system evaluation
SHARING KNOWLEDGE	Internal trainers development program
COMPETENCES DEVELOPMENT	Development of leadership, project management, business and specialist competences
TECHNOLOGY	<ul style="list-style-type: none">• Potato School – knowledge on technology• Basics of SPC – understanding the sources of variation, the ability to read control charts
BASIC KNOWLEDGE	The knowledge of the company’s rules, procedures and systems

The knowledge gained during the Black Belt training allowed us to understand the Six Sigma concept, which involves continuous improvement of the organization, monitoring and constant control to eliminate and prevent different process non-conformities and products resulting from it. I believe that as we master the tools and methods used in the Six Sigma methodology, we will be able to increase the efficiency of operations of both process owners and its participants.

AGNIESZKA MOKOS
Quality Controller

In 2014–2016, most of the trainings were related to the company’s development, technical and technological, as well as personal development trainings.

It is also important for us that the competences developed inside the company are shared within the company and are applied for a long time. This subsequently demands increasing the requirements towards the “creators” of the learning process – trainers. This is the reason for the second group of trainings in 2014–2016 focused on the development of training skills among selected employees.



RODZAJ SZKOLENIA ZEWNETRZNEGO	2014	2015	2016
Rozwój firmy	14,83%	44,44%	33,32%
Rozwój osobisty	16,56%	18,00%	11,03%
Legislacyjne	4,67%	4,70%	7,26%
Techniczne i technologiczne	28,10%	3,70%	26,05%
Obowiązkowe	8,96%	12,65	5,63%
Językowe	20,01%	14,86%	16,09%
Pozostałe	6,87%	1,65%	0,62%

MORE THAN WORK¹⁶

We want our employees to feel that we, as a company, care about their health, and that everyone, regardless of their position, can depend on our help in case of illness or other difficult situation.

MEDICAL CARE

We provide private medical care for all employees. We promote preventive medicine and for many years have been organizing ultrasound examination and breast mammography for women, while for men – preventive examinations for prostate cancer. In 2016, about 80% of women and 45% of men took part in the preventive examinations

EMPLOYEE PENSION SCHEME AND INSURANCE

Since 2005, we have been encouraging our employees to participate in the Employee Pension Scheme that we are partially financing, which through regular collection of funds will provide them with an additional pension. In 2016, over 42% of employees were covered by the Employee Pension Scheme.

In 2016, all employees were covered by a group life insurance and accident insurance. About 80% of employees use additional options offered by the insurance company, such as childbirth benefit, additional medical treatments, hospital stay etc.

EMPLOYEE WELFARE FUND

It has been in our company since 1995 and every year goes to support sports activities of our employees, to organize Christmas parties for children, to grant loans for renovation, as well as to grant support in case of illness and accident. Every two years the fund goes to organize summer camps for children of our employees, during which they visit interesting places. In 2015, the campers left for the Beskid Mountains. A group of over 40 children visited, among others, a salt mine in Wieliczka and the residence of the President of Poland in Wisła.



↑ Summer camp for employees' children

AN UNUSUAL ANNIVERSARY

Following the tradition of our Dutch mother companies, Farm Frites and Aviko, we are celebrating the anniversary of 12,5 years of work. Till the end of 2016, as many as **130 of our employees** celebrated this anniversary. We are happy and proud of this number of jubilates because it confirms the attachment to the company and the good work atmosphere.

A HEALTHY MIND IN A HEALTHY BODY

We are supporting sports initiatives and activities promoting balance in life of our employees. We are financing a football team that has been active for many years, runners, table tennis players. The most active of the employees are attending sports competitions.

The French fries football team played their first game in 2004, on the occasion of the company's 10th anniversary. Back then, our opponents were the employees of the Lębork City Hall. Since then, the players train regularly and take part in the indoor league football games in Lębork and local football tournaments. In 2014, they took the second place during a tournament played on the occasion of the 20th anniversary of our company.



↑ Run Warsaw

Since 2014, for avid runners, we organize a trip to “Run Warsaw” – the largest street race in Poland. In 2014, seven of our employees took part in the run, in 2015 – 10, and in 2016 – 12. For many of them, the preparation for this run became a starting point to regular trainings, and now during the year they participate in many running events at distances longer than 10 km.

Among the employees for whom running is a passion is Michał Goitowski, Senior Production Operator, who in 2014 won the Crown of Polish Marathons.



Running is what makes me feel free. It is a state of joy and inner satisfaction. Running is time for my thoughts. While running, I can really rest, collect ideas, plan. Every step, every kilometer is a dose of energy. Running in a marathon shapes character and helps overcome weaknesses. I like the emotions right before the start and the exhaustion at the finish line.”



↑ Małgorzata Fidala

Another employee that is successful at sport, both as a player, as well as an umpire, is Małgorzata Fidala, Receptionist, who is passionate about table tennis:



For me, table tennis is the joy of life, new friendships, unpredictability, emotions and the fight against stress. Table tennis has been in my life since primary school, and in 2014, I became a licensed National Umpire. I umpired such games as the European Championships, Pro-Tour in Warsaw, Superliga and Ekstraklasa matches. My greatest success was winning a gold medal in singles during the European Championships in Austria among the umpires, and silver in the doubles game in 2015. And in 2016, I passed the international umpire exam, which allows me to umpire international tournaments.



PROMOTION OF TRENDS

The idea of a dedicated year comes from the management as a response to the observed need to raise awareness of the employees on health and a healthy lifestyle, as well as to increase the sense of balance between work and private life. This is why the first dedicated year was devoted to health. A project group consisting of employees from various departments was created and its members came up with, and then organized activities promoting a healthy lifestyle. The project of a dedicated year turned out to be a success, which is why it was continued and every year we concentrate on a different important subject.

2014 Year of Health – Throughout the year, our employees got to learn the health benefits of fruits from posters and try the fruits in the canteen every Friday. Moreover, healthy dishes have been included in the canteen's menu for good. A group of women met every week for Nordic walking classes with a trainer, which resulted in them finishing a half marathon. Preventive blood tests in the plant turned out to be very popular – 70% of employees got tested. We also organized a sports festival for the employees' families, where table tennis tournament was a real hit.

2015 Year of Safety – That year, together with the Central Institute for Labor Protection, we organized lectures: "Stress at work. No, thank you!", a competition for employees on knowledge on safety, a picnic for employees and their families with the participation of a fire brigade, rescuers, with a rollover simulator, evacuation from a car, and a first aid training. We also organized servicing of car fire extinguishers and training on their proper use.

2016 Eco Year – That year we have been promoting awareness of ecology and ecological behavior among our employees. We have been testing soap nuts, together with anglers we have been cleaning a nearby Lubowidzkie lake, we competed for commuting to work by bike and, using Endomondo, for traveled kilometers, we also made ecological Christmas tree decorations. All of that to feel that each of us can have positive impact on the environment.

2017 will be the Year of Culture.

SATISFACTION OF EMPLOYEES¹⁷

Work satisfaction of our employees is extremely important for us, information from them what we, as a company, do well, and what we could do better. In 2014 and in 2016 we have conducted surveys on employee satisfaction from work in our company. In 2014, the turnout amounted to 53 percent, and in 2016 – over 78 percent, which makes us very happy because it indicates that more and more of our employees are involved in the company's activities and believe that they have an impact on work quality and atmosphere. Employees were informed about results of each survey and conclusions drawn from them help to introduce further improvements. We are constantly monitoring employees' moods and if no alarming signals are noticed, we will conduct another survey in 2018.

QUESTION	2014	2016
	YES AND RATHER YES	
I like working at FFP	84,8%	88%
I'm happy with the atmosphere in the company	81,8%	72%
I have a sense of stability of employment	82,7%	85%



OCCUPATIONAL HEALTH AND SAFETY¹⁸

The management of Farm Frites Poland puts the safety of all persons working at our company first. They are supporting the OHS department and managers by engaging in continuous improvement of health and safety conditions in the plant and they require the same commitment from managers at all levels. In 2012, we started the process of implementing the Occupational Health and Safety Management System, and in May 2014, we obtained a certificate for the OHS system according to the Polish standard PN-N-18001:2004 and the international standard OHSAS 18001:2007.

ADAM KLASA

COO and Member of the Board

In 2016, we started workshops on the subject of safety for line managers and the so-called opinion leaders, as part of the “Program for safety”. During the workshops we actively exchange experiences, identify problems and find solutions that help in better understanding of threats and problems and their elimination. Till the end of July 2017, four workshop sessions were organized.

Due to the risk associated with the storage of a large amount of ammonia, which is used for cooling products, and fire hazards, we undertake a number of preventive actions every year. The actions primarily include technical plant protection, ammonia, smoke and fire detectors, sprinklers, audible and visual alarms, periodic trainings on fire protection, exercises in case of fire or ammonia leakage. Since 1995, we have an Emergency Response Team whose members are our employees. This is a group specifically trained and prepared for a rescue operation in the event of ammonia leakage or fire and to provide first aid. In total, there are about 30 of the trained employees, a few on each shift. We are equipped with gas-tight suits for elimination of an ammonia leak. Once a year, we organize evacuation exercises for all of the company’s employees.

In our factory, we care not only for the safety of our employees, but also of our guests and employees of external companies that supply us with

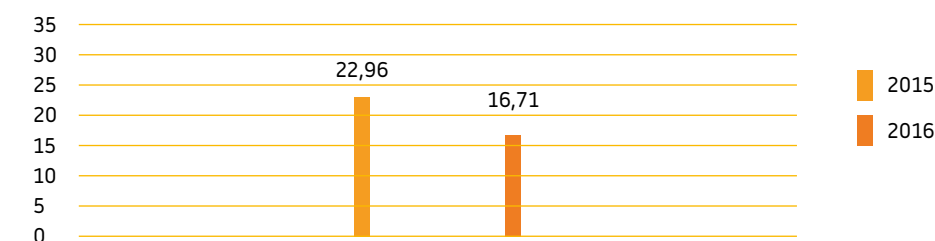
¹⁸ G4-DMA, G4-LA6

additives and services. For this purpose, we have prepared a brochure “Safety of guests at FFP SA”, which everyone entering the plant premises for the first time must be familiar with.

In the reporting period, on the premises of the plant there were no fatal accidents of Farm Frites Poland employees and employees of external companies that supply us with additives and services.

In 2015, we introduced an indicator that measures the frequency of accidents – LTIFR (Lost Time Injury Frequency Rate)*. The chart below presents FFP’s data for this indicator for the years 2015–2016.

LTIFR RATES IN FFP IN 2015–16



* The LTIFR indicator shows the number of accidents in the workplace causing a temporary inability to work per 1 000 000 hours worked. It is an international indicator allowing to compare data from companies from various industries.



“I think, and I know that I work safely.” These are the words of one of our employees that perfectly reflect the essence of the safety culture that we promote in our company. Because it is thanks to thinking, caution and mutual respect that we safely come back to our families and friends, which is what safety is all about.

AGNIESZKA WIŚNIEWSKA

OHS Coordinator

An aerial photograph of a town, likely in Poland, featuring a prominent red brick church with a tall, ornate spire. The church is surrounded by various residential and commercial buildings, including multi-story apartment blocks and smaller houses. The town is set against a backdrop of green hills and a clear sky. The text "SOCIAL INVOLVEMENT AND DEVELOPMENT OF THE LOCAL COMMUNITY" is overlaid in large, white, sans-serif capital letters on the right side of the image.

SOCIAL INVOLVEMENT AND DEVELOPMENT OF THE LOCAL COMMUNITY¹⁹



All companies exist in an environment and even if their operation is not directly connected to the environment, they do have an impact on it. This is the case with our company. However, we are still aware of the fact that if it was not for the friendly attitude of local authorities, as well as residents who are our employees or partners, our company would not be successful. This is why we have been involved in the affairs of the local community from the very beginning of our company. We want to be seen as a socially responsible company, and even as a leader in social involvement among our employees and the local community. We pursue this goal through an open communication and involvement in activities positively impacting the environment, also with the help of our volunteering employees. These slogans translate into specific actions that we have realized in the years 2014-2016."

KATARZYNA MAJCHRZAK

Communication and Community Involvement Senior Specialist

IMPACT ON POSITIVE CHANGES IN THE ENVIRONMENT

HEALTH AND PREVENTIVE HEALTHCARE

Motoheart – since 2014 we have been involved in the campaign for promoting voluntary blood donation organized by the Cruiseriders motorcycle club in Łębork, by financial support of the event's finale and by promoting this idea among our employees.

In 2014, we managed to collect 68 liters of blood (14th place in 87 cities taking part in the campaign), in 2015 – 293 liters (1st place), and in 2016 – 367 liters, which was the best result among all Polish cities.

Preventive examinations in Ronald McDonald House Charities' ambulance – the health of the youngest inhabitants of our region is very important to us. And our cooperation with the Ronald McDonald House Charities educates us on preventive programs such as "NO to cancer in children".

Thanks to our initiative and cooperation with local authorities, the foundation's ambulance has visited Łębork twice – in October 2014 and June 2016, and also Wiczo – in June 2016. During the first, two-day event, 199 children were examined, and during the second, three-day, 242 children.



In the ambulance children aged from 9 months to 6 years are given a comprehensive ultrasound examination. Such free tests that do not require a referral from the doctor, allow early detection of various types of health risks at an early age.

The next visit of the ambulance is planned in 2018.



Everywhere in the world where the foundations operate, they are known for their programs helping children and their families during treatment, hospital stay, often associated with difficult emotions and a sense of loneliness. On the one hand, the disease, on the other hand, distance from your own home at the time when the home is the most important. In the largest pediatric hospitals, in more than 60 countries, the foundation runs Ronald McDonald Family Rooms or builds Ronald McDonald Houses nearby, and additionally supports families with the highest quality preventive healthcare on board of special mobile clinics.

Poland already has the first Ronald McDonald House at the University Children's Hospital of Cracow, as well as Family Rooms at the Children's Health Center and in the Pediatric Hospital of the Warsaw Medical University. Thanks to our friends, donors of the foundation, the Warsaw Medical University is the first children's hospital in which no mother or father has to sleep on the floor, because it is a truly family-friendly hospital.

The Ronald McDonald House Charities also has the first in Europe, and until recently the only, ambulance which reaches children's neighborhood with the offer of comprehensive ultrasonography tests "NO to cancer in children".

Among the over 5 000 children examined every year, for 12 years there are also children from Łębork, where we go because Farm Frites Poland regularly takes care of preparing our visit. From the beginning, the company has also been among the most important donors of the Ronald McDonald House and Family Rooms.

A team of the company's employees helps as volunteers, organizes running events for the foundation, and is always ready to act in emergency circumstances. Helping connects. Our mission "To keep families together" is really important for Farm Frites Poland.

PROF. ADAM JELONEK

President of the Ronald McDonald House Charities Board

KATARZYNA NOWAKOWSKA

Executive Director of the Ronald McDonald House Charities



↑ Active-Self-reliant workshop

COOPERATION WITH NON-GOVERNMENTAL ORGANIZATIONS

Active-Self-reliant – in September 2016, the Regional Youth Center, with support from the Robinson Crusoe Foundation and thanks to grant in the amount of PLN 200.000 from the Civic Initiatives Fund, launched the first “vehicle for self-reliance” program in Lębork. Our company is a private partner of this project.

The project included 30 young people, aged 16–24, coming from orphanages, foster families and families at risk of exclusion.

The aim of the vehicle is helping young people to become independent through gaining practical knowledge and skills and shaping the attitudes needed in independent living. One of the consultants who meets with the young people every two weeks is our colleague from the company – Basia Kozłowska.

Apart from our company and the foundation, the local authorities are also involved in the project, which is a great example of trilateral cooperation of a non-governmental organization, local government and a business.



„Box of life” – in 2015, we established cooperation with the “Stowarzyszenie na 102” association and financially supported implementation of the “Box of life” project which is addressed to seniors from the Lębork district.

The “Box of life” project aims to facilitate effective assistance in life or health emergencies, mainly in situations when paramedics, doctors, firefighters or social welfare staff have to react quickly, and inability to communicate with someone who, for example, suffered from stroke, hemorrhage, who is stressed or have trouble speaking, can dramatically delay help. The project is very simple – a card with the most important information about a patient is put in a plain plastic box with a sticker “box of life” which is placed in the refrigerator. On the door of the fridge a similar sticker as the one on the box is placed, which indicates to the rescuers that the box can be found in the fridge. By the end of 2016, we managed to hand out 1600 of the boxes.

EWA KŁOSOWSKA

President of the “Stowarzyszenie na 102”

→ Box of life



CHARITABLE INITIATIVES

Electronic Christmas card – w 2015 roku, zamiast tradycyjnej papierowej kartki bożonarodzeniowej, której 800 sztuk wysyłaliśmy każdego roku, nasi partnerzy w Polsce i zagranicą po raz pierwszy otrzymali od nas życzenia w formie elektronicznej. W tej akcji pomaga nam gdańska malarka, Magda Beneda, która nieodpłatnie przygotowuje projekt kartki. Zarówno w 2015, jak i w 2016 roku kwotę, którą wydalibyśmy na zakup i wysyłkę kartek, przekazaliśmy w formie darowizny na rzecz chorego dziecka z naszej okolicy – w 2015 był to Kacperek, którego czekała operacja serca, a w 2016 roku Kubuś, który choruje na dziecięce porażenie mózgowe i wymaga intensywnej rehabilitacji.

Christmas Parcel – we have been involved in the campaign since 2009. Following the idea of the Christmas Parcel, during this time we especially help large families and mothers who raise their children alone. Cooperating with the Municipal Social Welfare Center in Łębork, we collect information about specific needs of the families. Both the company, as well as employees are involved in the action, as they gather the necessary things and then bring them to the families. In the years 2014-2016, we have supported six families in this way.

A charity lottery during the New Year's party – since 2007 we are organizing a charity lottery, where our employees buy tickets and get a chance to win attractive prizes funded by the company. All the funds collected in this way are donated to children in need from Łębork region.

Donations in-kind – every year we donate tons of our fries, pancakes and flakes to foundations from all over Poland, local schools, kindergartens and parishes.

2014	36 tons of products
2015	26 tons of products
2016	28 tons of products

↓ A statuette as an expression of gratitude from a social welfare foundation for children Pan Władek



→ FFP Volunteers in the Ronald McDonald House Charities ambulance



CORPORATE VOLUNTEERING

A survey conducted in 2016 among employees of our company showed that as much as 90 percent of respondents helped a person in need in the past year, 58 percent was involved in activities for their housing estate, apartment block, child's school, etc., and 79 percent would like to get involved in helping others.

Planting trees – an action organized since 2011 together with the Łębork Forest Inspectorate. In 2014, together with our employees and their families, we have planted 3000 tree seedlings, in 2015 – 2000, and in 2016 – 1700. During the 6 years of the campaign, we have planted 15.000 tree seedlings. Therefore, our goal of planting 20.000 trees by 2020 is very probable to be attained.

Supporting the ambulance of Ronald McDonald House Charities – during the visits of Ronald McDonald House Charities ambulance in Łębork in 2014 and 2016, our employees helped with the medical examination by working in the ambulance reception, as well as assisting doctors in ultrasound examination.

Cleaning Family Rooms in a pediatric hospital – in 2016, during the trip to "Run Warsaw" street run, we came to Warsaw a day before and immediately went to the pediatric hospital, where Family Rooms are run by the Ronald McDonald House Charities. With the use of cleaning equipment, we have cleaned up kitchens and play rooms used by the parents of children treated in oncology wards.

By organizing such actions, we intended to make our employees aware that selfless help is, on the one hand, invaluable support for the beneficiary, but also great satisfaction for the helper.

Survey results show a lot of interest in helping others, therefore we want to use this potential and in the next years we will be developing a corporate volunteering program and will involve more of our employees.

Our goal:

We want to plant 20.000 trees by 2020.



ENVIRONMENT



IN THE INTERESTS OF THE ENVIRONMENT²⁰



Every manufacturing activity involves interference in the natural environment. By using water and gas in our production process, we are depleting the Earth’s natural resources. By burning gas in our boilers, we emit substances to the atmosphere that cause climate change, we produce waste and sewage. It is inevitable. However, from the point of view of a company that wants to run business in a responsible manner, it is important to limit the negative impact on the environment. Therefore, since the company was founded in 1994, we consistently try to minimize the adverse effects of our operations on the environment.

WOJCIECH KIEDROWICZ
Environmental Protection & Sustainability Senior Manager

Caring for the environment is an integral element of the development strategy. The Environmental Policy of Farm Frites Poland SA defines priorities and includes a commitment to continuous improvement of our production processes in order to minimize the impact on the natural environment. We regularly check the impact of our company on the surrounding environment, based on the applicable law and internal procedures. Since 2001, the environmental management system has been organized according to the recommendations of the international standard ISO 14001:2004. The current certificate was issued in May 2016 by Lloyd’s Register Quality Assurance and is valid until September 2018. In 2017, we implemented a new version of the environmental standard ISO 14001:2015.

20 G4-DMA

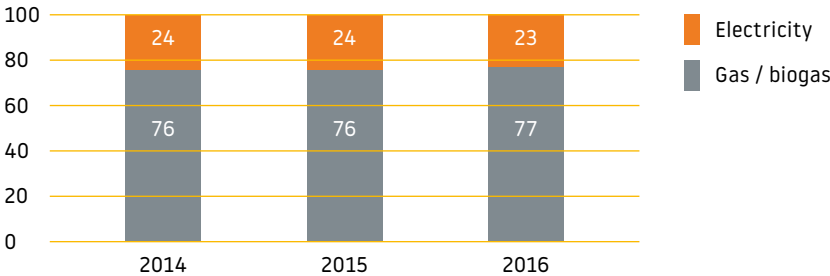
Our goal:

By 2020, we intend to reduce the specific energy consumption needed to produce 1 kg of finished product by a minimum of 5%. As a base, we adopted the result from 2012, when the specific consumption was 1,3093 kWh/kg. In the reporting period, we observed a positive trend.

ENERGY CONSUMPTION²¹

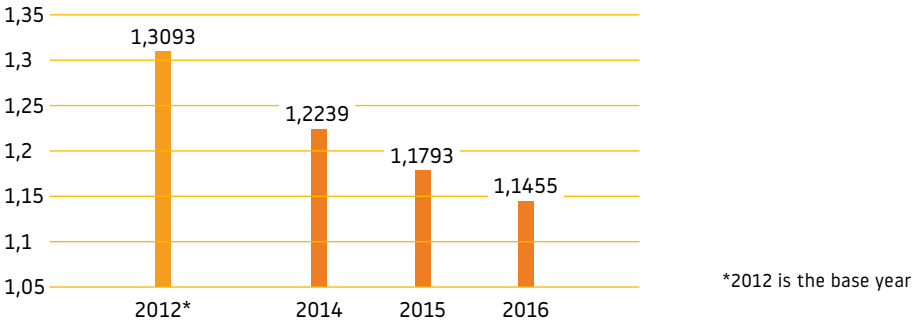
The production of our products requires the use of significant amounts of energy. For the production we mainly use energy coming from the combustion of natural gas. The structure of consumption of various types of energy in our factory is detailed in the chart below. Every year, the share of energy from gas combustion in the energy consumption structure increases.

FFP’S ENERGY CONSUMPTION STRUCTURE IN 2014-16



In March 2014, we have launched an installation aimed at reducing energy consumption. The new installation recovers heat from the hot water removed from the blancher. Blancher is a machine in which fries are subjected to a hot water bath for a specific time. During this process, natural sugars dissolve into the water, which means that from time to time fresh water needs to be added to maintain the proper technological parameters. The heat recovered from the installation is used for heating cold water added to the blancher. Due to this installation, in the next two years we have observed reduced gas consumption from month to month.

SPECIFIC ENERGY CONSUMPTION IN KWH/KG

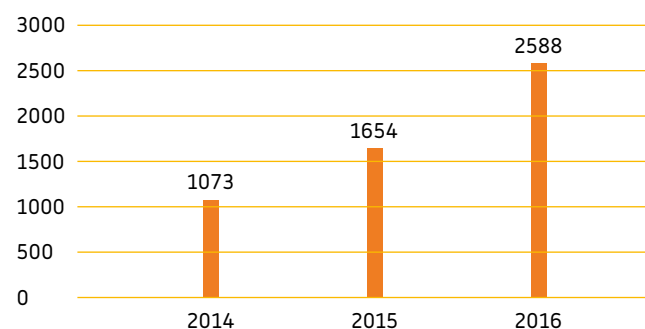


21 G4-EN3, G4-EN5

PRODUCTION OF OWN ELECTRICITY²²

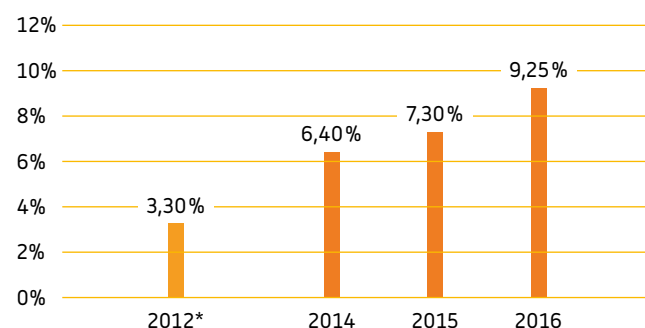
In 2016, we produced 2588 MWh of electricity, all of which was used to cover the plant's needs. Own electricity accounted for 8,2% of total electricity demand. We have thus reduced the volume of purchased energy. Assuming that a three-person household consumes 2,5 MWh of energy annually, the amount of electricity produced at our plant could cover the annual electricity demand of over 1000 families.

AMOUNT OF ELECTRICITY PRODUCED IN FFP IN MWH



By producing more and more of our own electricity, we achieve several minor goals: we reduce the demand for non-renewable fossil fuels, we increase the share of energy from renewable sources in the total plant's energy consumption and we reduce our carbon footprint. The percentage share of energy from renewable sources in total consumption has been steadily increasing since 2012.

SHARE OF RENEWABLE ENERGY IN FFP

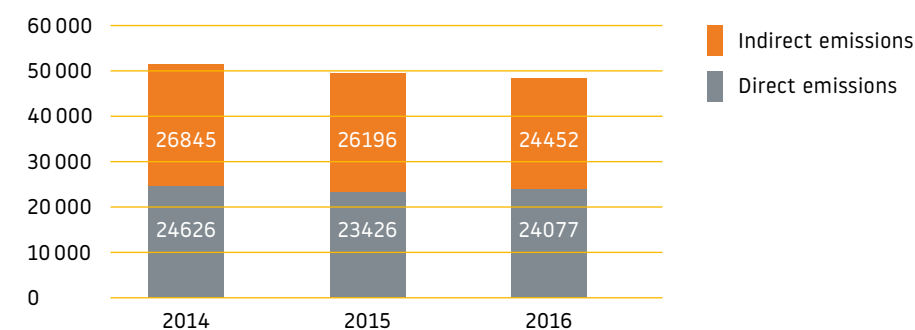


*2012 is the base year

EMISSIONS TO THE ATMOSPHERE²³

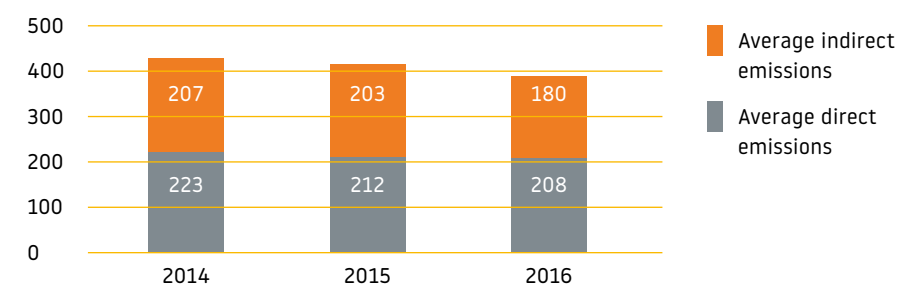
It is estimated that greenhouse gas (GHG) emissions into the atmosphere are one of the most likely causes of the global warming effect. Poland belongs to a group of European countries where the level of smog in certain seasons exceeds the acceptable standards, and thus is a threat to our lives and health. In our company, we measure emission levels from the boilers burning natural gas twice a year. Calculation of total emissions for the years 2014-2016 was made using the Bilan Carbone v7.4 sheet.

DIRECT AND INDIRECT EMISSIONS IN FFP IN TONNES CO₂EQ



Direct emissions include emissions related to the combustion of fuels in boilers and company vehicles. And indirect emissions are associated with the purchase of electricity. In 2016, the sum of both types of emissions amounted to 48 529 tons, which was 2 942 tons lower from the sum of emissions in 2014, which means a 5,7% decrease. In the reporting period, we have recorded a reduction in the average direct and indirect emissions expressed in kg of CO₂ per tonne of finished product. The decrease in average direct emissions between 2014 and 2016 amounted to 6,6%, while the drop in average indirect emissions was much higher and amounted to 13%.

AVERAGE DIRECT AND INDIRECT EMISSIONS IN KG CO₂EQ/T OF PRODUCT



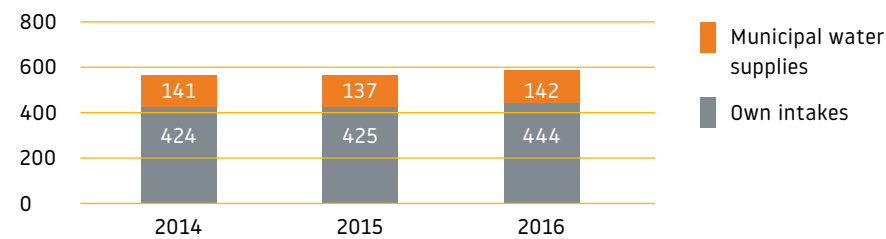
Our goal:

By 2020, we intend to increase the share of energy from renewable sources in total energy consumption to a minimum of 10%. We adopted the result from 2012 as a base, when the value of this indicator was 3,3%. In the reporting period, we observed a positive trend.

WATER CONSUMPTION²⁴

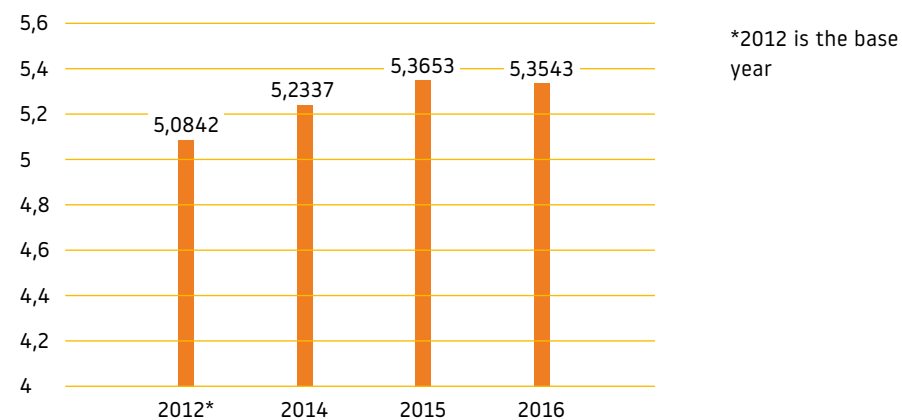
Production in our company is not possible without water. Therefore, we constantly monitor the withdrawal and consumption of water. We withdraw the water from our own intakes at the plant and from municipal water supplies. Because we increase the production capacity of the factory every year, our water demand also grows.

WATER WITHDRAWAL STRUCTURE FOR FFP PRODUCTION PURPOSES



Eliminating leaks and sealing the water circulation system did not bring the effect of reduced specific consumption. Therefore, in the second half of 2016, we initiated a project of pretreating the post-production water to the drinking water standard, which will meet all the standards set for water used for food production. The planned date of launching the new installation is the second half of 2018. In the reporting period, we have observed a negative trend in the specific water consumption indicator for 1 kg of finished product. In the coming years, we will devote more funds to improving this indicator.

SPECIFIC WATER CONSUMPTION IN L/KG



Our goal:

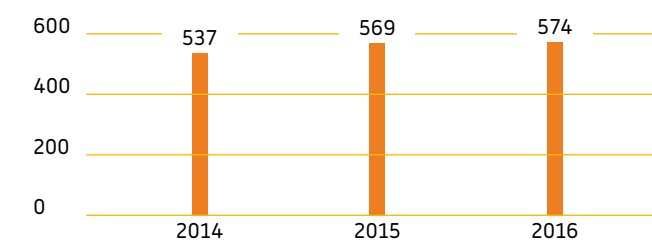
By 2020, we intend to reduce the specific consumption of water needed to produce 1 kg of finished product by a minimum of 10%. As a base, we adopted the result from 2012, when the specific consumption was 5,0842 l/kg. In the reported period, we observed a negative trend.



WASTEWATER MANAGEMENT²⁵

At the plant, we have our own two-stage sewage pre-treatment plant. The biological-mechanical stage in the pre-treatment plant was launched at the beginning of production in 1994. The growing production volumes influenced our decision to build a modern anaerobic installation, which started at the end of 2012. Biogas is created in the tank and then after cleaning is burnt in a co-generative unit. All of the pre-treated sewage is discharged to the Municipal Sewage Treatment Plant in Lębork. Increased water demand for the production purposes consequently affects the increase of the amount of sewage discharged into the municipal sewage treatment plant.

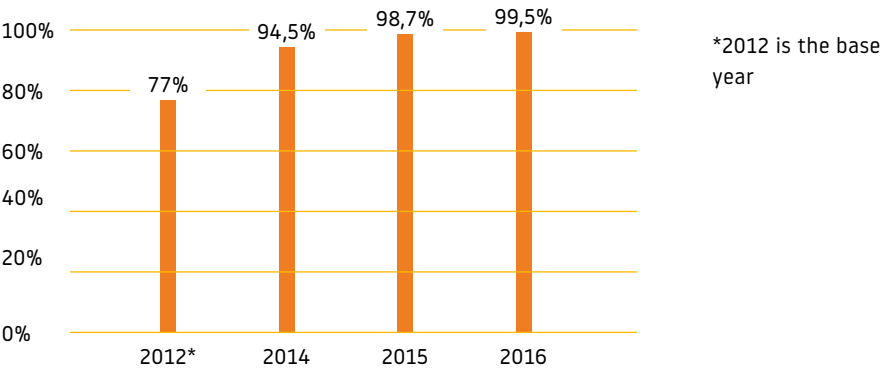
AMOUNT OF SEWAGE DISCHARGED FROM FFP TO THE SEWAGE TREATMENT PLANT IN THOUSAND M³



WASTE MANAGEMENT

In the reporting period, the recycling of waste generated in our factory remained at a very high level. In 2013, the recycling rate for the first time in the company’s history exceeded 96%, while in 2016 over 99,5% of our waste was recycled. In 2017, we intend to start a cooperation with a local alternative fuel company. Thanks to this cooperation, we will not transport any post-production waste to the local landfill, and only municipal waste from the factory canteen. At the plant we segregate and send packaging waste, such as cardboard or foil, for recycling.

LEVEL OF RECYCLED WASTE PRODUCED IN FFP



Our goal:

By 2020, we intend to recycle all post-production waste generated in our plant, and thus not dispose of any waste at the local landfill. In the base year, i.e. in 2012, we recycled 77% of waste, which means that 23% of our waste was sent to landfill. In the reported period, we observed a positive trend.

Processing of organic waste in a biogas plant is the most effective use of the organic waste. As a result of the processing we generate renewable electricity, as well as heat and organic fertilizer. The biogas power plant in Darżyno is the largest installation of this type in Poland. We are satisfied with the cooperation with Farm Frites Poland SA. We value our partner’s credibility, stability of supply and high culture of doing business.

MARCIN TOMASZEWSKI

President of Nadmorskie Elektrownie Wiatrowe Darżyno sp. z o. o.,
a company that produces electricity from wind and biogas



METHODOLOGY AND STANDARD DISCLOSURES²⁶

The GRI G4 standard enabled to identify the most important aspects of reporting. A team of FFP employees that developed the sustainability report analyzed and defined the extent of impact of aspects – both the impact inside the company and well as on its surroundings.

KEY REPORTING ASPECTS

ASPECT OF SUSTAINABILITY REPORTING	IMPACT OF THE ASPECT WITHIN THE COMPANY	IMPACT OF THE ASPECT OUTSIDE THE COMPANY
Occupational Health and Safety	✓	✓
Product and Service Labeling <ul style="list-style-type: none">– Health and safety of the clients– Product labeling– Relations with suppliers– Risk management	✓	✓
Employment and Diversity, Equal Opportunity <ul style="list-style-type: none">– Employment– Employee–employee relations– Employee–superior relations– Code of conduct	✓	✓
Training and Education	✓	✓
Energy, Water, Effluents and Waste <ul style="list-style-type: none">– Water– Energy– Waste	✓	✓
Emissions		✓
Local Communities and Anti-Corruption	✓	✓
Economic Performance <ul style="list-style-type: none">– Economic results– Maintaining key clients	✓	✓
Supplier Assessment for Impacts on Society <ul style="list-style-type: none">– Complaint mechanism	✓	✓
Sector specific Indicators <ul style="list-style-type: none">– Compatibility with FSA 2.0	✓	✓

26 G4–18, G4–19, G4–20, G4–21

The process of defining the content of the report has been prepared using the GRI G4 Guidelines. One of the key elements of the processes was including the stakeholders in the process of selecting subjects through meetings and individual interviews with the most important stakeholders, i.e. clients, employees and suppliers.

WE DEVELOPED A MATRIX OF ISSUES SIGNIFICANCE, WHICH INCLUDED:

- identification of a list of issues specific to the food industry,
- analysis of the company's operations and changes that have occurred over the last three years,
- stakeholders were involved in the process of identifying key subjects,
- a list of subjects particularly important for the company was prepared.

THE MATRIX OF THE ISSUES SIGNIFICANCE ALLOWED US TO IDENTIFY THE SUBJECTS THAT WERE DESCRIBED IN THE REPORT:

- production of healthy and safe food
- sustainable agriculture
- impact of the company's operations on the environment (information on possible threats, safeguarding methods, monitoring of events, methods of informing about events and potential hazards)
- monitoring and public disclosure of company's impact on the environment – water, soil, air
- relations and cooperation with the local community - communication on company's activities, cooperation with non-governmental organizations, philanthropic activities, promotion of the region
- relations and communication with employees – fair labor practices
- standards of cooperation with suppliers, supply chain
- industry ethics – code of conduct, building common standards

The process of defining the content of the report was based on four reporting principles. These are: **materiality, stakeholder inclusiveness, sustainability context and completeness.**



THE PROCESS CONSISTED OF THREE STAGES:

- An analysis of the sustainability issues indicated in the GRI standard raised by stakeholders during the dialogue sessions.
- Choosing the most important sustainability issues by the company's management, which discussed the key sustainability issues for the company and set priorities in this area during strategic workshops.
- Selection of Standard Disclosures that best describe key sustainability issues for the company.



GRI G4 STANDARD DISCLOSURES

DISCLOSURE	DESCRIPTION	PAGE NUMBER
GENERAL STANDARD DISCLOSURES		
Strategy and analysis		
G4-1	Statement from the most senior decision-maker	6, 7, 20
G4-2	Description of key impacts, risks, and opportunities	6, 7
Organizational profile		
G4-3	Name of the organization	4, 5
G4-4	Primary brands, products, and services	10
G4-5	Location of organization's headquarters	4, 5
G4-6	Location of operations	14
G4-7	Nature of ownership and legal form	14
G4-8	Markets served	14
G4-9	Scale of the organization	14
G4-10	Information on employment	45
G4-11	Collective bargaining agreements	44
G4-12	Organization's supply chain	34
G4-13	Significant changes during the reporting period	4, 5
G4-14	Information on the precautionary approach or principle	21
G4-15	Externally developed charters, principles, or other initiatives to which the organization subscribes or which it endorses	17
G4-16	Memberships in associations	17
Identified material aspects and boundaries		
G4-17	Identified material Aspects and Boundaries	73
G4-18	Process for defining the report content and the Aspect Boundaries	73
G4-19	Identified material Aspects	73
G4-20	Material Aspect Boundary within the organization	73
G4-21	Material Aspect Boundary outside the organization	73
G4-22	Restatements of information provided in previous reports	4, 5
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	4, 5

DISCLOSURE	DESCRIPTION	PAGE NUMBER
GENERAL STANDARD DISCLOSURES		
Stakeholder engagement		
G4-24	List of stakeholder groups engaged by the organization	23
G4-25	Basis for identification and selection of stakeholders with whom to engage	23
G4-26	Organization's approach to stakeholder engagement	53
G4-27	Key topics and concerns that have been raised through stakeholder engagement	53
Report profile		
G4-28	Reporting period	4, 5
G4-29	Date of the most recent previous report	4, 5
G4-30	Reporting cycle	4, 5
G4-31	Contact point for questions regarding the report or its contents	4, 5
G4-32	'In accordance' option the organization has chosen	4, 5
G4-33	Policy and current practices with regard to seeking external assurance for the report	4, 5
Governance		
G4-34	Governance structure of the organization	13
Ethics and integrity		
G4-56	Organization's values, principles, standards and norms of behavior	22

DISCLOSURE	DESCRIPTION	PAGE NUMBER
SPECIFIC STANDARD DISCLOSURES		
Occupational Health and Safety		
G4-DMA	Disclosures on Management Approach	54
G4-LA6	Lost day rate, absentee rate and work-related fatalities	55
Product and Service Labeling		
G4-DMA	Disclosures on Management Approach	28
G4-PR5	Results of surveys measuring customer satisfaction	30
Employment, Diversity and Equal Opportunity		
G4-DMA	Disclosures on Management Approach	45
G4-LA1	Total number and rates of new employee hires and employee turnover	45
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender	12
Training and Education		
G4-DMA	Disclosures on Management Approach	46-47
G4-LA9	Average hours of training	46-47
Energy, Water, Effluents and Waste		
G4-DMA	Disclosures on Management Approach	66
G4-EN3	Energy consumption within the organization	67
G4-EN5	Energy intensity	67
G4-EN6	Reduction of energy consumption	68
G4-EN8	Total water withdrawal by source	70
G4-EN22	Total water discharge	71
G4-EN23	Total weight of waste	72

DISCLOSURE	DESCRIPTION	PAGE NUMBER
SPECIFIC STANDARD DISCLOSURES		
Emissions		
G4-DMA	Disclosures on Management Approach	69
G4-EN15	Direct greenhouse gas emissions	66
G4-EN16	Indirect greenhouse gas emissions	69
G4-EN18	Greenhouse gas emissions intensity	69
Local Communities and Anti-Corruption		
G4-DMA	Disclosures on Management Approach	58
G4-S02	Operations with significant impacts on local communities	58-63
G4-S05	Confirmed incidents of corruption	58-63
Economic Performance		
G4-DMA	Disclosures on Management Approach	20
G4-EC1	Direct economic value generated and distributed	14
Supplier Assessment for Impacts on Society		
G4-DMA	Disclosures on Management Approach	20
G4-S010	Significant impacts on society in the supply chain	20
Sector Specific Indicators		
G4-DMA	Disclosures on Management Approach	38
G4-FP1	Percentage of purchased volume from suppliers compliant with company's sourcing policy	38-41
G4-FP2	Percentage of purchased volume which is verified as being in accordance with credible, internationally recognized responsible production standards	38-41

ACKNOWLEDGEMENTS

The employees and the management of our company were actively involved in the preparation of the "Sustainability Report 2014–2016". Without their knowledge, experience and commitment, we would not be able to summarize the three years of FFP's activities.

Special thanks go to the group that worked on the final shape of the report:

Małgorzata Koniuszy
Katarzyna Majchrzak
Dorota Markiewicz-Kubik
Wojciech Kiedrowicz
Andrzej Moch
Jarosław Wańkowicz

And to people who provided data for the report:

Anna Damps
Joanna Dawidowska
Iwona Górka
Izabela Kleinschmidt
Ewa Lubańska
Agnieszka Mokoś
Monika Olejnik-Myslińska
Joanna Pruszevicz
Agnieszka Wiśniewska
Andrzej Dymowski
Tadeusz Szkudlarek

We would like to thank Patrycja Osińska for her support in defining the framework of the report that meets requirements of the GRI G4 standards.

We would like to thank Grzegorz Laskowski for beautiful photos presenting many aspects of our company's life, as well as our employees, especially Małgorzata Fidała and Michał Goitowski, who shared with us their sport passion.

The photograph on pages 56–57 comes from the Archive of the City Hall in Łębork.

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