



SUSTAINABILITY REPORT HOCHLAND POLAND 2021

SUMMARY

Sustainable development is an integral part of all areas of operation for Hochland Polska. Embedding sustainability in the company strategy ensures that it is a permanent part of the corporate culture, consistent with the mission and core values of the entire Hochland Group.



We are aware of our responsibility as a manufacturing company. We know that we can only achieve long-term success if we act in an environmentally and socially responsible manner. We believe that the sustainable development actions taken today will have a positive impact on the health of our planet and the future of generations to come.

For us, sustainable business means that we do not base our decisions on short-term profits, but on whether they are suitable for future generations.

We believe that the actions we take today will help take care of our planet and its people in the years to come.

Sustainable development is an integral part of all areas of operation for Hochland Polska.

“The detailed goals set out in our strategy concern the entire organisation, every employee of Hochland Polska, regardless of their workplace. We want to develop our business so that it exists and functions in harmony with nature and society, so that many generations of consumers can enjoy our products.”

– says Piotr Knauer, former President of the Management Board of Hochland Polska.



A YEAR OF SUSTAINABLE
DEVELOPMENT WITH
HOCHLAND



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1. GENERAL INFORMATION

Hochland Polska is a part of Hochland Group, whose central office, Hochland SE, is located in Heimenkirch, Germany. It employs over 5,000 people in 8 countries and has a total annual turnover of more than 1.5 bn euro.



The company's history dates back to 1927, when a family-run cheese company was established in Gosshloz, Bavaria. Today, the Hochland Group operates in several European countries, as well as in the US and Australia.

Hochland has been present on the Polish market since the beginning of the 1990s. It has made a significant contribution to the development of the dairy market in Poland, created a number of new categories, developed active communi-

cation with consumers and influenced changes in eating habits. The portfolio of brands available in Poland includes the most popular cheese – Hochland, Almette. There are two production plants in Poland – in Kaźmierz and Węgrów.

Hochland Polska's overriding plan is to continue winning the trust of consumers and the trade, resulting in leading rankings in the strategic cheese market segments. Hochland Polska is successfully pursuing its mission of being a leader in the cheese market in Poland and is creating new categories in the cheese market. In 2021, despite the pandemic, there were successful launches of new products: the yellow cheese "Sielski" in innovative packaging with a significantly lower proportion of plastic, and a chocolate variant of the popular cheese "Kanapkowy".

Hochland Polska cooperates with milk producers in the Mazovia, Podlasie and

Lublin regions. These are family farms, supplying milk to the Węgrów plant for many years, often for three generations. This cooperation is based on partnership, which means that both parties benefit. Hochland pays for its milk according to market trends, as the price list changes every month and refers to the average price published by the CSO (GUS). This remuneration model was introduced in 2017, after prior discussion with the Advisory Council (Rada Konsultacyjna), which represents farmers' interests. This is also one of the pillars of the partnership – regular meetings with the council to discuss the current situation in the company and in the area from which the purchases are made.

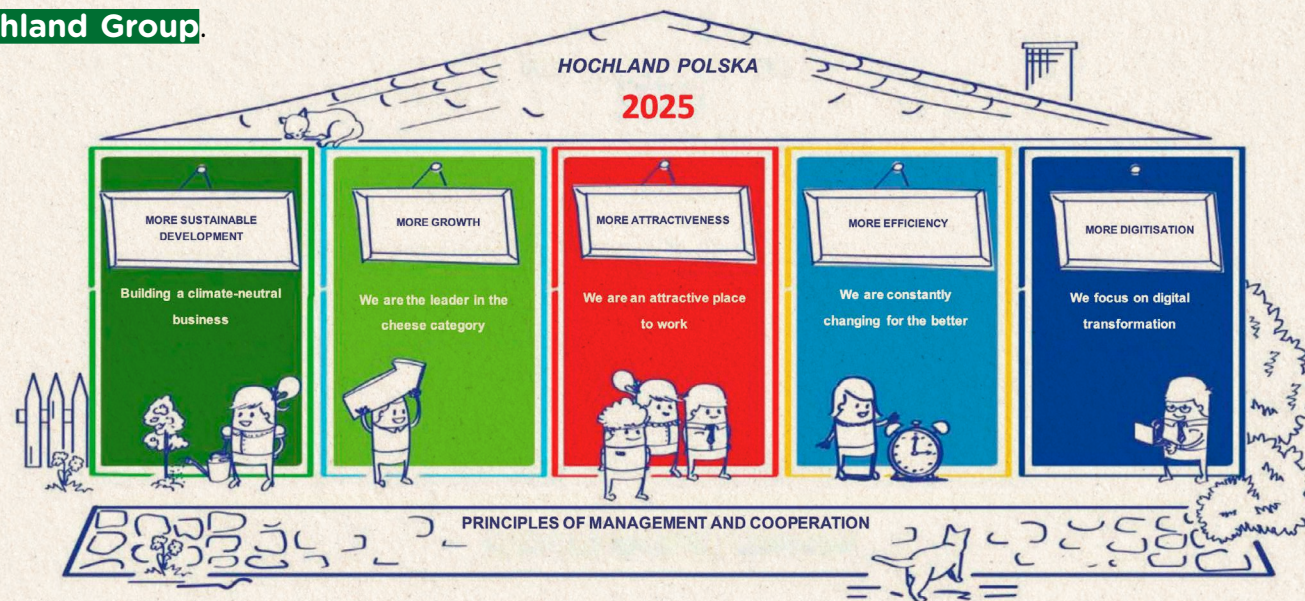


2. STRATEGY – AMBITIONS OF HOCHLAND POLSKA

Sustainable development is about meeting the needs of the present generation in such a way that they can be met by future generations. In order to achieve this, it is necessary to shape the relationship between economic growth, increasing the quality of life and caring for the environment. This idea has defined the way we do business for years. **The sustainable development is an integral part of all areas of operation throughout the Hochland Group.**

Embedding sustainability in the strategy of Hochland Polska ensures that it is a permanent part of the organisational culture, consistent with the mission and key values of the entire Hochland Group, with the **2025 VISION** of the Hochland Group, and that the objectives set are shared by the entire organisation, each and every employee of Hochland Polska – regardless of where they work.

The past year, 2021, has shown that Hochland Polska can boast many good practices in the area of sustainable development. Despite the ongoing pandemic, which made the business focus on cost optimisation, the company remained faithful to its strategy and never gave up its goal of sustainable development.



2. STRATEGY – AMBITIONS OF HOCHLAND POLSKA

Our sustainability strategy covers the areas most important to us, within which we have set measurable targets. Our ambition is:

CLIMATE NEUTRALITY

Climate change is happening before our eyes. Humans are responsible for its rapid acceleration in recent decades. If we are to have any chance of stopping the climate crisis, businesses must take radical steps at the levels of products and services, production processes and business models. Our company is determined to become a part of the low-carbon economy.

We have therefore committed to reduce our carbon footprint by 50% by 2025 compared to 2019 (for Scope 1 and Scope 2, per volume of finish products). Starting in 2021, Hochland plants invest in climate protection projects to

reduce greenhouse gas emissions in the same amount as its own CO₂e emissions (Scope 1 and 2).

PROVISION OF RECYCLABLE PACKAGING

Over the last half century, the world's population has grown from 3.7 billion to 8 billion. This means a huge increase in consumption and a commensurate increase in the amount of waste which, if not properly managed, pollutes the environment. For this reason, one of the greatest challenges of the 21st century is to move from a linear to a circular economy, i.e. to move from a model in which raw materials are extracted, used and discarded to a closed loop,

involving multiple use of the same resources. At Hochland Polska, our ambition is that by **2025, 100% of packaging will be recyclable and the amount of plastic in packaging will have been reduced by 20%.**



2. STRATEGY – AMBITIONS OF HOCHLAND POLSKA

ANIMAL WELFARE

Europe is to be the first climate-neutral continent by 2050, according to the European Green Deal. The extent to which agriculture is to contribute to this is set out, among other things, in the “farm to fork” strategy. The action plan is to address, among other things, increased sustainability of the livestock sector. In areas where intensive livestock farming is carried out, sustainable agricultural practices are to be applied. Animal welfare is highlighted as having a key role in

food safety. Hochland Polska is rising to the challenge and aims to promote animal welfare among its milk suppliers. A target **of 70% of milk suppliers with the highest category, Category A by 2025**, has been adopted.



2. STRATEGY – AMBITIONS OF HOCHLAND POLSKA

AWARDS 2021



Hochland Polska has become the leader of the **14th Dairy Cooperative Ranking in the Corporate Social Responsibility** category. The Dairy Cooperative Ranking has been organised since 2007. The ranking on broad social responsibility is a new one, showing the growing awareness of the industry, and Hochland was the leader.



In 2021, „Polityka” (weekly magazine), in cooperation with Deloitte consultancy and the Responsible Business Forum, distinguished 92 companies that meet high criteria in the area of sustainable development and responsible business. Hochland has been awarded the **CSR White Leaf**.

Companies that receive POLITYKA's CSR

Leaves have standards maintained at a high, exemplary level on the three core pillars of ESG – E environment; S – social responsibility; G – corporate governance.

In this year's edition of the Consumer's Laurel/Customer's Laurel 2021 competition, Hochland received the prestigious accolade of the **Golden Consumer's Laurel 2021** in the category of Ecological Strategies in Business/Industry, receiving



over 20% of the votes.

Hochland Polska's extensive pro-environmental activities and the implementation of innovative actions in the direction of sustainable development make them a trendsetter for the entire industry and define the direction in which a mature, conscious business should proceed.



In 2021, Hochland Polska was recognised as an **Employer - Reliable Employer of the Year**.

Activities supporting the development of employees, a broad benefits package, a transparent remuneration policy and the space created by the company for the implementation of employee initiatives – all these activities carried out by Hochland Polska resulted in the company being awarded the title of “Reliable Employer of the Year” in the national category. Hochland Polska implements development activities that support, among other things, the development of leadership competencies (Academy of Project Leaders), which are key for the employees to be able to effectively cope with the challenges of the future. The constant and dynamic development of the company has become the reason to open the office in a new location in Poznań.

3. GOOD PRACTICES

The Responsible Business Forum has recognised Hochland Polska for 10 recommended practices.

The Responsible Business Forum (Forum Odpowiedzialnego Biznesu), of which Hochland Polska has been a Partner, issues the annual “Report on Responsible Business in Poland. Good practices”. The main part is a summary of CSR and sustainable development activities reported by companies in December and January.



The latest edition (19th edition for 2020 activities) contains 1958 good practice examples submitted by 225 companies.

Hochland Poland has also submitted good practices for the next 20th edition of the Report on Responsible Business in Poland - we will report more extensively on these practices in the next Hochland Poland Sustainability Report.

Description of the good practices of Hochland Polska – in 19th “Report on Responsible Business in Poland. Good practices 2020”:

Good work practices

1. SERBastion provides advice – Safely and responsibly at any time, is Hochland’s educational programme that aims to promote safe behaviour at work and in private life among employees by publishing on the employee portal and put-

ting up informational posters in the production area to promote safe behaviour and draw attention to risks.

2. For many years, Hochland has held regular management staff meetings as part of its dialogue with employees, this time in an online format. Also using the online formula, the fifth Strategic Campus was organised under the slogan “Campus goes digital”. Forty-nine employees took part.

3. Two development programmes for leaders were initiated by Hochland. In November 2020, together with Hochland Romania, the company launched the first edition of the “Hochland Project Leaders Academy”. Two editions of the „First Time Line Manager” development programme were also launched. The first edition was launched in November 2020, while the second one was launched in June 2021.

3. GOOD PRACTICES

Good environmental practices

1. In the fifth edition of the Hochland's Almette lottery, the main prize was the Home from Nature, i.e. an eco-house. Thanks to the special design of the walls, the house meets high insulation requirements while consuming less energy. In addition, a photovoltaic installation was placed on the roof, which allows for production of its own electricity for heating and lighting.

2. Hochland's roadmap for sustainable packaging. The company has set itself the goal

of making Hochland Polska packaging 100% recyclable by 2025. The packaging of all products was verified in terms of suitability for recycling – the criterion of striving to develop packaging based on monomaterial structures was followed.

3. The new edition of the Hochland Polska company calendar for 2021, under the slogan "Kitchen without leftovers, or zero waste with Hochland" contains 12 original culinary ideas for cooking without food waste and creative use of leftovers to prepare more dishes. Pictures of the dishes were taken by company employees as part of a photo contest.

4. Hochland goes

for sustainable transport. The company has invested in electric cars for the fleet – one car per plant in each location, in Kaźmierz and Węgrów. These are so-called yard cars for general use, for the business purposes of employees who do not have a permanently assigned car as a work tool, but travel to a customer or supplier.

Good practices in fair operating practices

1. Hochland's partnership with its dairy farmers is based on transparent financial conditions, training and professional on-farm support. Our field workers, in their work with farmers, are accompanied by the FDF (For Dairy Farm) Advisory Group. An action plan has been developed for each farm.



3. GOOD PRACTICES

Good practices in the field of social involvement and development of the local community

1. In 2020 Hochland, as a Good Neighbour, implemented various initiatives supporting the local community. In September 2020, the eighth edition of the Hochland Half Marathon through the Sama Valley and Pyrlandzka Dycha took place. A new formula for the event has been created. A total of 277 people registered for the online edition of the Hochland Half Marathon.

2. In line with the idea of #hochland-shares, Hochland has become involved in a nationwide collection by the Siepomaga Foundation for equipment for medical facilities involved in the fight against the epidemic. Hochland also participated in the action of the Polish Federation

of Food Industry Union of Employers, the aim of which was to donate food to support retailers. Hochland employees took up the challenge to help seriously ill children and took part in a fundraising campaign in the #Gaszyn Challenge. In 2020, Hochland Polska has extended its support to Sweet Poland (Słodka Polska), the Polish National Team for Children with Diabetes, and is actively involved in

the activities of the Association CukierAsy. For those who would like to find out more, we invite you to watch the video available on the FOB website on Hochland Good Practice:

<https://odpowiedzialnybiznes.pl/aktualności/w-odpowiedzialnie-hochland-polska-o-wspolpracy-z-dostawcami-mleka/>



4. LEGAL REQUIREMENTS

ENVIRONMENTAL PERMITS

Hochland Polska's plants have the environmental permits required by law, which is not just a formality. The environmental permit specifies the permitted manner, scope and direction of using the environment. Their task is to prevent environmental pollution and make rational use of its resources.

Both permits in 2021 were analysed for compliance with BAT („best available techniques”) requirements. **As a result of the analysis carried out by the district administrations, it was considered necessary to bring the plants into compliance with BAT 2 and BAT 4 by 4 December 2023.**

Hochland Poland implements the requirements outlined in BAT2 and BAT4

in most scopes through increase resource efficiency and reduce emissions. In order to increase resource efficiency and reduce emissions Hochland Polska has established, maintains and regularly reviews an inventory of water, energy and raw material consumption, as well as wastewater and waste gas streams as part of its internal environmental management system. Information on the characteristics of the waste gas streams is obtained periodically through inspections and reviews carried out by external services or technical services of Hochland Poland, according to the following intervals:

- average values and variation of flow and temperature – burner combustion check carried out monthly by external service
- average concentration and load values of relevant pollutants/parameters and their variation – burner combustion check carried out monthly by external service

- presence of other substances which could affect the flue gas cleaning system or the safety of the unit – burner combustion check carried out every month by an external service.

A monitoring strategy has been defined and implemented to increase resource efficiency, taking into account energy, water and raw materials consumption - monitoring is carried out with ER-CONET software (water, gas, energy, wastewater) and through reporting with SAP and XTIME (raw materials, packaging).

Adaptation to BAT requirements for Hochland Poland plants should include:

- Information on production processes, including:
 - simplified process sequence diagrams showing the origin of emissions – implementation deadline – 4 December 2023.

4. LEGAL REQUIREMENTS

- descriptions of integrated techniques and wastewater/waste gas treatment techniques to prevent or reduce emissions, including their efficiency – deadline for implementation – 4 December 2023.
- Information on the quantity and characteristics of wastewater streams, such as:
- average concentrations and load values of relevant pollutants/parameters and their variability – from 04 December 2023 onwards with a higher, monthly frequency instead of bi-monthly.

Both plants have their own sources producing heat for process steam and hot water. Heat production was achieved by burning natural gas in the company's boiler houses. Electricity is obtained from the external power grid.

Water used for production purposes is drawn from deep wells located on the premises. In emergency situations, it is possible to draw water from the municipal water supply. In addition to using water for production purposes, water is also used for the social and welfare needs of employees. In 2021, the Węgrów plant obtained a Water Law Permit for a further 4 years of operation.

Post-production wastewater and domestic sewage from the social and sanitary facilities at the Kaźmierz plant are discharged to a mechanical and biological wastewater treatment plant and then, after treatment, to the Sama river.



Industrial and domestic wastewater from the Węgrów plant is discharged into the municipal sewage system.

Post-production waste generated at the plants are mainly animal by-products, paper and plastic packaging and municipal sludge.

INSPECTIONS



In 2021, an inspection by the Voivodeship Inspectorate for Environmental Protection in Węgrów took place.

The purpose of the inspection was to verify compliance with environmental protection requirements, including the calculation of environmental charges, and to control the quality of data provided under the National Pollutant Release and Transfer Register. **No irregularities or violations were found.**

5. SCOPE OF ENVIRONMENTAL USE

CONSUMPTION OF UTILITIES - ELECTRICITY AND GAS

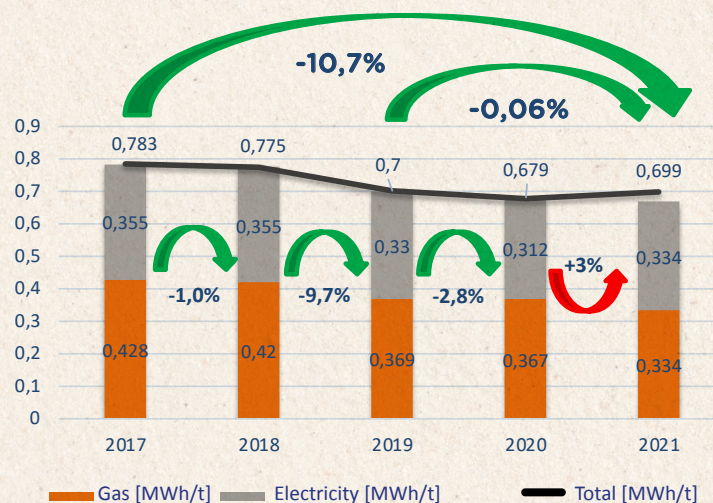
Hochland Polska has set itself a reduction target of 1.5% per year in the consumption of the above-mentioned utilities. In Węgrów, gas and electricity consumption decreased by 5.5% compared to 2019, and in Kaźmierz a

reduction of 0.06% was achieved. **In 2021, there was an increase in utility consumption and the reduction target set by Hochland Polska was exceeded.** The increased gas and electricity consumption in 2021 was due to numerous start-up tests related to investments at the Kaźmierz plant and

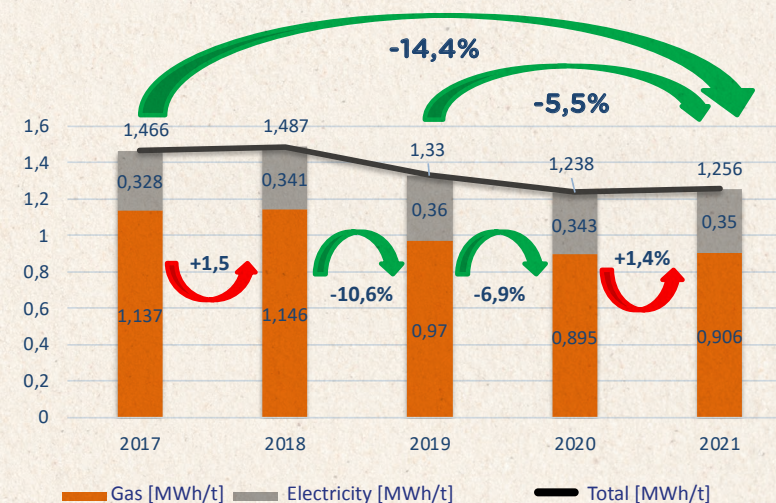
the commencement of tests on a new production line for cottage cheese in Węgrów.

However, it should be noted that in 2021 the electricity supplied to Hochland Polska's plants **in 98,6% came from renewable energy sources (from wind).**

Electricity and gas consumption 2017-2021
at the Kaźmierz site



Electricity and gas consumption 2017-2021
at the Węgrów site



5. SCOPE OF ENVIRONMENTAL USE

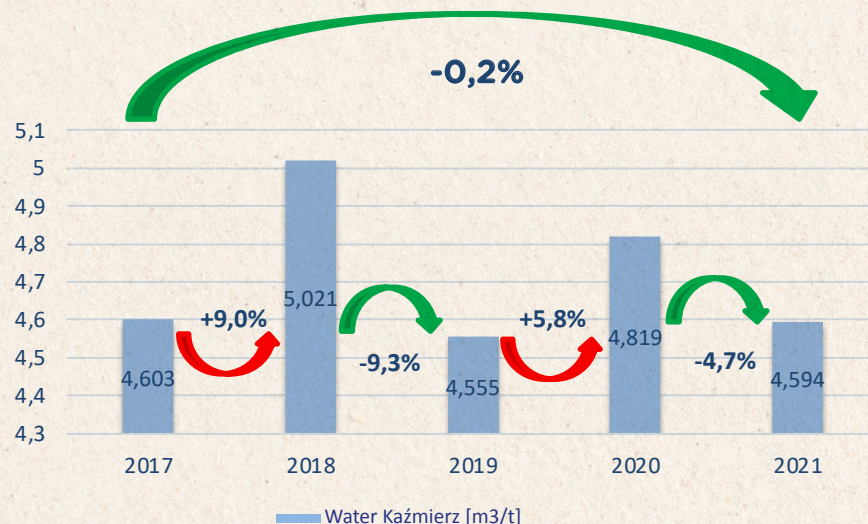
WATER CONSUMPTION

- Water consumption has decreased slightly between 2017 and 2021.
- The increases in water consumption in the aforementioned period were related to investments – installation of new production lines and start-up tests.

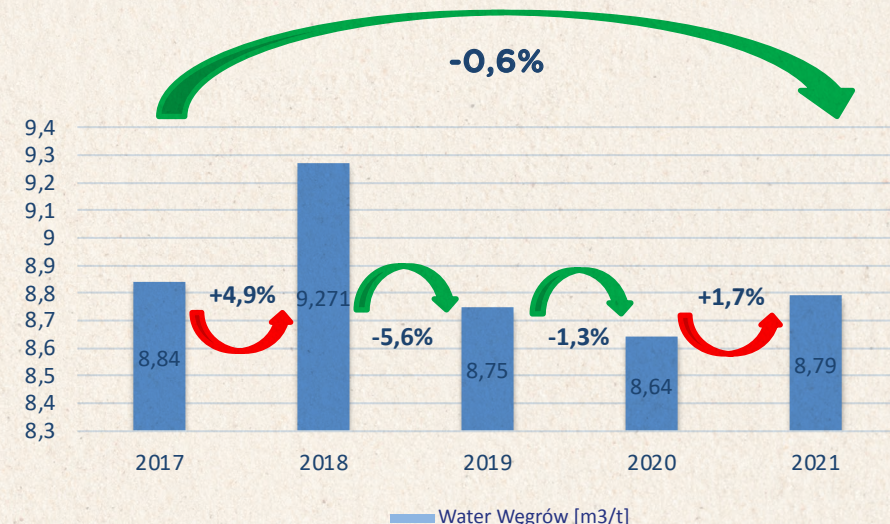
The following measures were implemented to reduce water consumption:

- recovery of water from production equipment
- cleaning of equipment in a CIP system
- external cleaning based on a low-pressure cleaning system
- automatic washers
- bromate column and ion exchanger.

Water consumption between 2017 and 2021
at the Kaźmierz plant



Water consumption between 2017 and 2021
at the Węgrów plant



5. SCOPE OF ENVIRONMENTAL USE

SEWAGE DISPOSAL

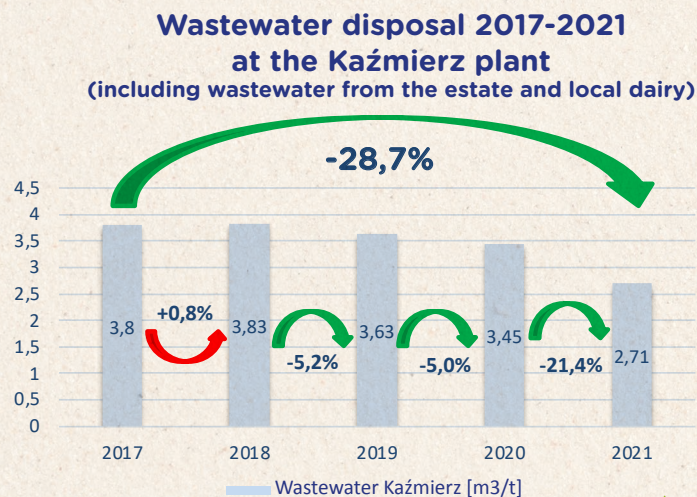
The reduction in the volume of wastewater disposed in Kaźmierz over the last 5 years was related to the implementation of an investment project – washing equipment in the CIP system. **In the last year, the significant decrease in wastewater disposals was due to the decommissioning of Jan dairy facilities, from which wastewater was sent to the Hochland treatment plant. The quality of the**

discharged wastewater met legal requirements.

At the Węgrów plant a decision was made in 2021 to start an investment in industrial wastewater pretreatment. It is aimed at reducing the impact on the infrastructure of the municipal network and, above all, will have a very beneficial ecological effect. The pre-treatment of industrial wastewater will reduce the wastewater

loads transferred to the city's wastewater treatment plant, and the sludge generated by the pre-treatment of industrial wastewater will be transferred to generate green electricity at a local biogas plant. The investment will be completed before the end of 2022.

The investment includes: construction of a wastewater averaging tank, purchase and installation of equipment for the wastewater treatment station, reconstruction of the wastewater discharge system into the municipal sewage system (new connection at Gdańska street and liquidation of the existing connection to the sewerage system dedicated at present to the powder plant), and adaptation of the technical and auxiliary infrastructure to the pre-treatment plant operating conditions.



5. SCOPE OF ENVIRONMENTAL USE

IMPACT ON ACOUSTICALLY PROTECTED AREAS - NOISE

The production facilities are located in close proximity to residential and service development areas and multi-family and communal residential developments. The state of the acoustic climate is one of the basic factors influencing the quality of the environment, directly perceptible by people. The aforementioned areas of residential development

are subject to acoustic climate protection and certain noise standards are in force, the exceeding of which results in the imposition of penalties and the necessity of undertaking corrective measures.

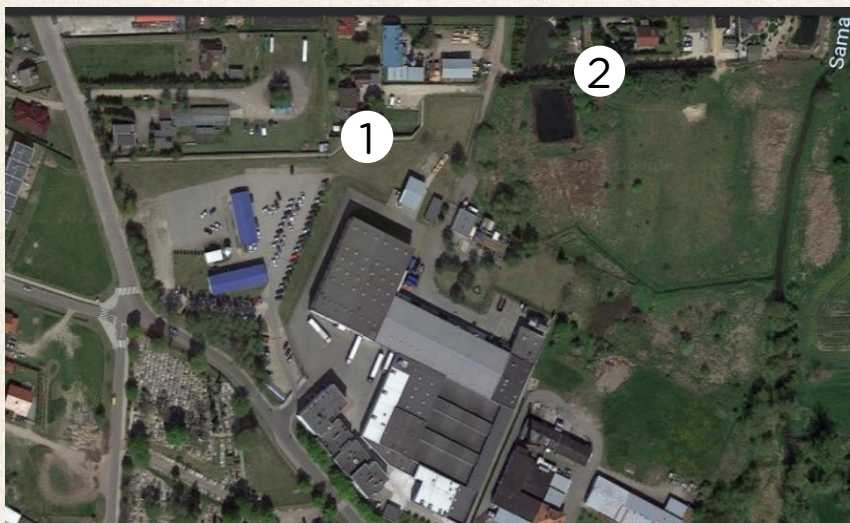
Production facilities in Węgrów and Kaźmierz are obliged to carry out cyclic noise level surveys in the outdoor environment: during the day and night, to verify whether the acceptable noise standards are met.

In 2021, measurements were taken at the Kaźmierz production site in September. An accredited laboratory carried out tests at two measurement points (marked on the map) in accordance with the provisions of the integrated permit.

Measurements were taken during the day - at 10 a.m., and at nighttime - after 10 p.m.

Measurement results during the daytime did not exceed the normative values and were at a relatively low level. At **night**, on the other hand, the measurement **results were at the limit** value (after deduction of measurement uncertainty).

Taking this into account, each time new investments and modernisations are carried out on the site, the impact on the acoustic climate at night should be assessed.



Measuring points	Limit [dB]	Results 2021 [dB]	
Point 1	Time of day	55	43,6 (-1,8)
	Time of night	45	45,8 (-1,0)
Point 2	Time of day	55	41,4 (-1,8)
	Time of night	45	44,5 (-1,6)

5. SCOPE OF ENVIRONMENTAL USE

WASTE, BY-PRODUCTS OF ANIMAL ORIGIN (CALLED BPAO) AND PACKAGING

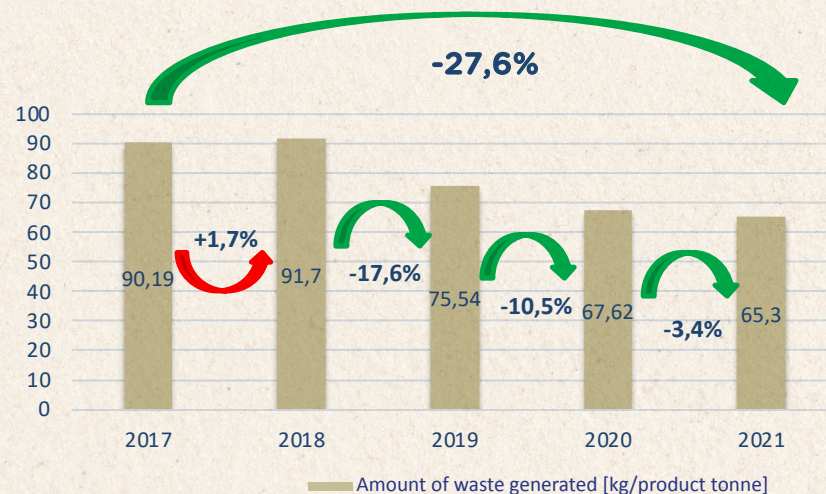
The quantities of waste generated at the Kaźmierz and Węgrów production sites have decreased significantly in the last 5 years. In Kaźmierz, this was related to a reduction in the amount of animal

by-products sent as waste for disposal in favour of BPAO sent as by-products for feeding to farmers. In addition a reduction in the amount of municipal sludge is the result of reduction of the amount of sewage discharged and investment in the construction of a sludge dewatering press. The amount of paper packaging

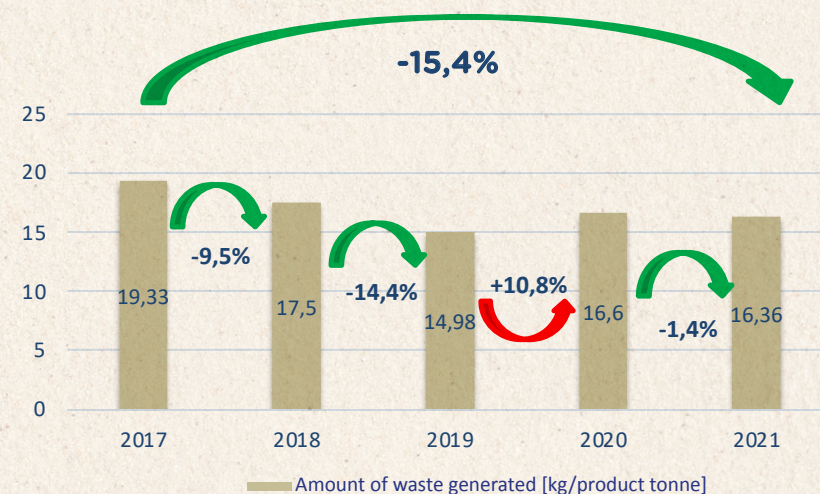
waste generated has also decreased.

In Węgrów, the reduction in the amount of waste generated compared to 2017 was mainly due to a reduction in the amount of raw materials and products unsuitable for consumption, including, among others, milk with antibiotics, which were disposed of.

Waste generated in 2017-2021 at the Kaźmierz site

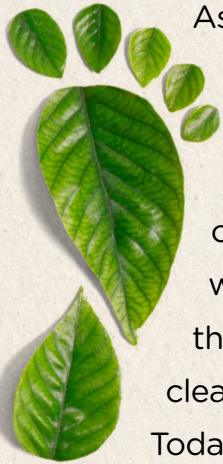


Waste generated in 2017-2019 at the Węgrów site



6. IMPLEMENTATION OF THE GREEN PILLAR OF THE STRATEGY – SUSTAINABLE DEVELOPMENT

A. REDUCING THE CARBON FOOTPRINT



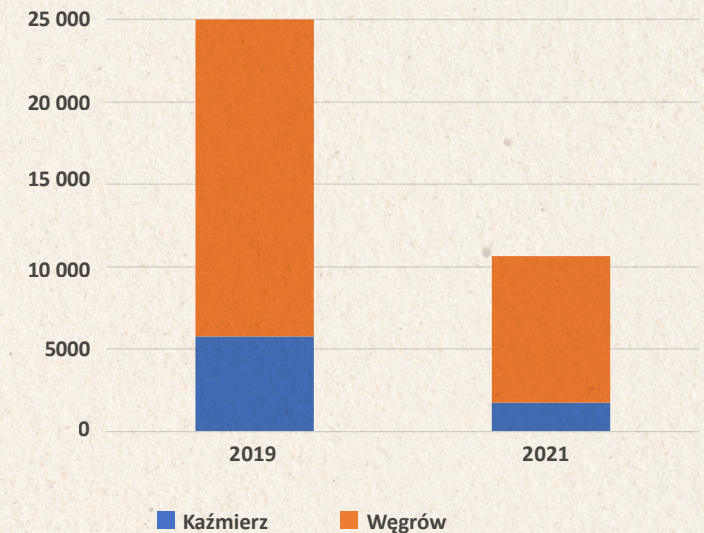
As part of the strategy developed at Hochland Polska, the most important directions of changes and activities were adopted, along with the necessary tools and clearly defined measures. Today and in the coming years, the overriding objective is to reduce the carbon footprint. The whole Hochland group has made a commitment to climate protection. Hochland Polska's ambition in the 2025 strategy is to reduce CO₂ emissions at its production sites by 50% by 2025 (vs. base year 2019) per volume of finished products.

Starting in 2021, Hochland plants invest

in climate protection projects to reduce greenhouse gas emissions in the same amount as its own CO₂e emissions (Scope 1 and 2).

In 2021, CO₂e emissions (calculated for Scope 1 and 2) are reduced by 62% in relation to volume of finish products, compared to the base year of 2019. Such a significant reduction in CO₂ emissions was due to the purchase of electricity from renewable energy sources – wind, which was confirmed by green certificates (energy certificates of origin).

CO₂ emissions 2017 – 2021
[ton CO₂e/year]
scope 1 i scope 2 *



* **Scope 1** – direct emissions from combustion of fuel in stationary sources, e.g. company boiler rooms, or from escaping refrigerants

Scope 2 – indirect energy emissions from the consumption of purchased from outside electricity, heat, process steam, cooling



6. IMPLEMENTATION OF THE GREEN PILLAR OF THE STRATEGY – SUSTAINABLE DEVELOPMENT

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A. REDUCING THE CARBON FOOTPRINT

In addition, in 2021, Hochland Polska carried out a number of pro-environmental investments aimed at reducing utility consumption and thus reducing CO2 emissions:

- replacement of lighting with an LED installation, including installation of movement detectors,
- optimisation of the powder drying

process in the powder plant area in Węgrów,

- metering of compressed air in production plants and regular audits.

The first half of 2022 will be devoted to the preparation of the **PLANT DECARBONISATION ROAD MAP**. The technical departments of both plants will carry out technical analyses of solutions ad-

opted at other locations in the Hochland Group and present solutions to reduce the carbon footprint and improve energy efficiency. The DECARBONISATION ROAD MAP include detailed technical and organisational measures, deadlines for implementation and the potential for environmental effects achieved through the implementation of investment and organisational tasks.

ENVIRONMENTAL EFFECTS 2021



- The replacement of lighting with LEDs and installation of motion detectors helped to reduce electricity consumption at the Kaźmierz and Węgrów production sites. TOTAL: electricity reduction of 318 MWh per year.
- Optimisation of the powder drying process in the Powder Plant area in Węgrów allowed for process control, reduction of energy consumption and increased process efficiency. Electricity reduction of 45 MWh in 2021.

B. SUSTAINABLE PACKAGING

Hochland Polska's strategic goal is to make its product packaging 100% recyclable by 2025.

In order to achieve this goal, a roadmap for sustainable packaging was developed in 2020. Guided by the criterion of striving for packaging based on monomaterial structures, the packaging of all products was reviewed for recyclability. For each product, specific actions and deadlines were defined. At the same time, Hochland is constantly reviewing opportunities to optimise its packaging in order to reduce the amount of raw materials introduced to the market.

In spite of the ongoing pandemic, the year 2021 also bore fruit in many in-

teresting implementations of actions aimed at bringing products to the market in primarily recyclable packaging.

Hochland Polska ended 2021 with a rate of **86% recyclable packaging.**

Hochland Polska is also aiming to reduce the amount of plastic in packaging – a 20% reduction by 2025.

Thanks to the actions taken over the years to reduce the weight of packaging in the various products offered by Hochland Polska, the following effects have been achieved, not only in the reduction of plastics, but also in the amount of paper used:



6. IMPLEMENTATION OF THE GREEN PILLAR OF THE STRATEGY – SUSTAINABLE DEVELOPMENT

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B. SUSTAINABLE PACKAGING

WEDGES

By lowering the paper weight for the production of boxes in 2019, paper consumption was reduced by 30 tonnes per year. Reducing the diameter of the blanks used to produce round boxes in 2020 has reduced paper consumption by 25 tonnes per year.



2019

2020

-30 tonnes/year

-25 tonnes/year

NATURALNY

In 2021, we reduced the weight of the cup and replaced the OPS plastic cup label with a PP (polypropylene) label, reducing the weight of plastic per cup by 6.8%.



2021

-6,8% less plastic

MINI

In years 2020/2021, we achieved a 16.6% reduction in plastics per pack as a result of the reduction in bottom film thickness.



2020/2021

-16,6% less plastic

B. SUSTAINABLE PACKAGING

SLICES

In 2016, the shape of the tray was modified to reduce the thickness of the bottom film – 39 tonnes less plastic per year. 2018 – another reduction in film thickness and a reduction of 30 tonnes per year in the amount of plastic introduced. The introduction of the new Velcro packaging for Sielski slices in 2021 has reduced by 22 tonnes of plastic per year against open-close packaging.



ENVIRONMENTAL EFFECTS IN 2021



• REDUCED CONSUMPTION OF PLASTIC

It is difficult to do away with plastic altogether, because it has so far been difficult to replace it with another material that is just as effective in protecting food from spoiling while being environmentally friendly. That is why Hochland has decided to reduce the amount of plastic used for packaging as a first step. A team of several specialists led to a reduction in the thickness of packaging for all Almette cheeses.

• LESS CARDBOARD

In response to the challenge, we have modified our secondary packaging to use less cardboard and thus reduce the felling of trees.

C. ANIMAL WELFARE

The foundation of Hochland Polska is over 500 farms – business partners who supply milk to the factory in Węgrów. Welfare, i.e. striving to create as much harmony as possible between the animal and its natural environment, is of particular importance in Hochland Polska's strategy. For years, the company has been involved in promoting animal-friendly farming, educating and supporting milk suppliers. Each has a dedicated coordinator and can count on his or her expertise, support and assistance in implementing welfare actions.

The company focuses on actions to ensure:

- Access to feed, water and salt
- Improvement of the environment in the areas of: barn, milking hall, grazing
- Herd management
- Healthcare
- Herd care.

Together with the Polish Milk Chamber, dairy farmers and other milk purchasers, Hochland Polska **has deve-**

loped welfare principles for the entire dairy market. Suppliers are encouraged to have the best standards of cow rearing by competitions organized by Hochland Polska to find the best milk supplier for Almette.

In 2021, a series of audits began to assess the extent to which the criteria were achieved.



6. IMPLEMENTATION OF THE GREEN PILLAR OF THE STRATEGY – SUSTAINABLE DEVELOPMENT

SUSTAINABILITY REPORT HOCHLAND POLSKA 2021

C. ANIMAL WELFARE

The strategic goal of Hochland Polska is for 70% of its farms to achieve the highest rating and qualify for Category A by 2025.

The support provided by Hochland Polska in the development of milk production and the welfare rules developed for the dairy market contribute to improving animal welfare on the farms that supply milk to Hochland's production facilities.

In addition, Hochland Polska, together with the Polish Federation of Cattle Breeders and Milk Producers, has invited

dozens of young breeders to join the adventure as part of the Young Breeder's Academy, launched in August, which will last twelve months.

The activities undertaken in the framework of the Young Breeder's Academy contribute to the broadening of practical and theoretical knowledge and awareness among young breeders in the aspects of:

- cattle farming
- effective herd management
- managing the farm so that it is profitable.

The Academy also offers the opportunity to consult and learn from the experience of a highly qualified staff of experienced breeders and staff from other milk industry institutions.



ENVIRONMENTAL EFFECTS IN 2021

- Audit of 500 farms for animal welfare as part of the implementation of the animal welfare strategy.

Audit results: Category A – 38% of milk suppliers, Category B – 55% of milk suppliers, Category C – 7% of milk suppliers

- Organisation of thematic meetings during the Young Breeder Academy – 4 meetings in 2021. Duration of the Academy 12 months.



7. RAISING EMPLOYEE ENVIRONMENTAL AWARENESS

Hochland Polska is involved in various initiatives aimed at promoting pro-environmental attitudes, education and the implementation of sustainable development principles among the employees of Hochland Polska. By promoting the culture of sustainable development, Hochland Polska encourages all employees to care for the natural environment – today and tomorrow.

6 webinars were organised for employees in two cycles, during which local representatives of the municipality were invited to participate in the events. For each webinar, speakers were invited to share their theoretical and practical knowledge on sustainability topics.

- Segregation of waste – topic discussed by a representative of REKOPOL

- How to reduce food waste – meeting with the promoter of the zero-waste concept Jagna Niedzielska**
- What happens to plastic at the end of its life cycle – an issue discussed by PIOIRO**
- Climate change – meeting with a professor from the Institute of Geophysics, University of Warsaw**
- Emission performance of passenger transport and truck transport – meeting with ARVAL representative and RABEN expert**
- Biodiversity – meeting with the president of the “ZA GÓRAMI, ZA LASAMI” foundation.**



7. RAISING EMPLOYEE ENVIRONMENTAL AWARENESS

A **photo competition** was also organised to promote the idea of sustainable development among employees, resulting in a company calendar for 2022. The aim of the photo competition was to raise awareness/educate about the meaning of caring for the natural and social environment and to present/show how the same idea is understood by different people.

Within the framework of promoting the idea of sustainable development, during the annual Kaźmierski Święto Chleba i Sera (Bread and Cheese Festival) together with the REKOPOL company, an Eko Rekopol stand was organised in order, among other things, to promote knowledge regarding waste segregation and electro-mobility not



only among the employees and their families, but also the inhabitants.

In 2021, a **COLUMBUS team** made up of employees from different departments,

working together for sustainable development, met regularly. The team discussed environmental events and initiatives raised by staff on a monthly basis.

8. ACTIVITIES FOR A CLOSED-LOOP ECONOMY

Hochland Polska knows that reuse is one of the most sustainable ways of disposing of things, we no longer use and an important part of a closed-loop economy. Activities implementing circular economy principles include:

RETURNABLE CARTONS

In the Węgrów plant, the use of return-



able cartons was started in cooperation with a packaging supplier. The aim is to rotate the cartons in which the empty Almette cups are delivered to the plant in Węgrów up to five times.

PRESS



Testing and validation of the rework press began at the Kaźmierz production facility in 2021. The aim of this proj-

ect is to recover and recycle individual slices, thus reducing waste – animal by-products. In April 2021, in turn, a sludge dewatering press was commissioned, reducing the amount of waste but also reducing the amount of water used in the dewatering process. .

USE OF BY-PRODUCTS WITH MEAT

At the end of 2021, cooperation began at the Kaźmierz site with a company that produces feed, including from animal by-products containing ham or salami. As a result, animal by-products containing meat will be used for animal feed.

8. ACTIVITIES FOR A CLOSED-LOOP ECONOMY

In 2021, numerous actions were implemented to give objects a second life:

- on the occasion of the litter-free day campaign promoted by REKOPOL O.O.O. SA, an e-waste collection action was conducted on 11/05/2021 to 13/05/2021 in the plants in Kaźmierz and Węgrów.

During this event, employees were able to use the containers provided and hand over e-waste after spring cleaning. The raw material collected in this way, after appropriate processing in a specialised plant, was reused in the creation of new products



- at the beginning of September, an action was implemented to give away full-value second-hand office furniture so that it could still fulfil its function and not become waste. The event was combined with a fundraiser for the needy – the local Social Association for children and young people with special needs.

- on 13/09 to 17/09 at Hochland's head office in Poland, a campaign to collect shoes for people facing the crisis of homelessness was organised in cooperation with STENA Recycling.

The collected shoes were refreshed and disinfected by WoshWosh and then donated to those in need. Around the same time, under the slogan "I show culture, eat cheese and protect nature" a World Cleanup Day was organised in the Kaźmierz and Węgrów locations.

ENVIRONMENTAL EFFECTS IN 2021



- Returnable cartons in Węgrów – expected paper reduction of 9 tonnes per month
- Cooperation in Kaźmierz with a company that uses BPAO with ham as an ingredient for animal feed – forecast reduction of waste of 30 tonnes per year

- Installation of a sewage sludge press in Kaźmierz – reduction of waste volumes by 20 tonnes per month
- The e-waste collection gave a second life to 670 kg of e-waste
- 55 pairs of shoes were collected and distributed to those in need
- 300 kg of waste was collected during the world cleanup

„Climate change and biodiversity loss pose a clear and present danger to humanity. Biodiversity and farm-to-table strategies – at the heart of the Green Deal – are setting a new and better balance between nature, food systems and biodiversity to protect the health and well-being of our citizens, while enhancing the EU's competitiveness and resilience. These strategies are a key part of the great transformation we have started, said Frans Timmermans, Executive Vice President for the European Green Deal. These strategies propose ambitious EU actions and commitments to halt biodiversity loss in Europe and globally, and to transform our food systems to be a global reference in terms of sustainable competitiveness, protecting human and planetary health and ensuring the livelihoods of all participants in the food value chain.

Hochland Polska is pursuing a strategy to protect biodiversity.

Hochland Polska is uniting employees, suppliers and consumers in a joint action to protect flower meadows and flower beds in cooperation with the Meadow Foundation. Through education and involvement, the company



contributes to the protection and creation of meadows that respond to real environmental threats.

By 2024, the company's goal is to plant meadows on 150,000 m2 of land that will feed 1,000,000 pollinators!

In 2021, the company provided:

- educational workshops and seeding of meadows in large cities: Warsaw, Częstochowa, Katowice
- seeding of meadows on the premises of the Węgrów and Kaźmierz production plants
- seeding of flower strips on the fields of some of the Węgrów plant milk suppliers.



9. DEVELOPMENT AND BIODIVERSITY CONSERVATION

Flower meadows and beds are an important part of the landscape, both in towns and cities as well as in fields and industrial plant. They are key to maintaining biodiversity. They are the natural habitat of a multitude of animals, especially insects. They help store rainwater in the soil, clean the air, and consume tonnes of CO2 and store it in the ground instead of in the air.

In addition, Hochland Polska is pursuing a strategy to protect biodiversity

by **restoring green** areas in the municipalities where its production facilities are located. In 2021, a green square was created next to the Maria Dąbrowska Primary School in Kaźmierz.

The square, consisting of 90 types of ornamental grass, 60 panicle hydrangea plants and 5 catalpa trees, was created by the Taroka Social Cooperative and financed by Hochland Polska.



ENVIRONMENTAL EFFECTS IN 2021

The area of seeded flower meadows in 2021 was:

- in Warsaw, Katowice, Częstochowa – 10,000 m²
- on the premises of production plants in Węgrów and Kaźmierz – over 1000 m²
- in the fields of Hochland suppliers – over 3,200 m².

Green square at the Primary School in Kaźmierz



10. DEVELOPMENT OF THE HOCHLAND SHARES CONCEPT

Hochland Polska is involved in many charitable initiatives for the benefit of the community, including the local community and the environment.

- This year's Hochland lottery "We share what's good" involved all the willing participants in helping Pajacyk initiative. Anyone who registered the code from the promotional package on the specially provided website was thereby helping to achieve a charitable goal. As a result, cheques worth 100,000 PLN were presented during the final to both the win-



ners of the action and to Anna Zubala, who represented Polish Humanitarian Action. She was extremely touched by this gesture, which helped to fund as many as 25,000 meals for malnourished children under the Pajacyk programme.

- Hochland has become involved in raising money for the Children's Cancer Relief Foundation in Poznań during the Bread and Cheese Festival. Every kilometre travelled by the cycling relay teams meant one PLN donated by Hochland Polska to the Foundation.



- Hochland Polska extended its assistance to Słodka Polska, i.e. the Polish National Team for Children with Diabetes and became a partner of the Foundation for

Children with Diabetes, while actively participating in the activities of the CukierA-sy Association.

- Community initiatives have also been undertaken to support those in need, including a collection for the Community Association for Children and Young People with Special Needs during a furniture giveaway in September, while a footwear collection event saw shoes donated to WoshWosh, who donated refreshed and disinfected footwear to those facing the crisis of homelessness.



11. ASSESSMENT OF SATISFACTION WITH HOCHLAND POLSKA ACTIVITIES

Hochland Polska strives to raise standards of development, protect the environment and respect rights, and coordinates the interests of stakeholders in a joint approach to quality and sustainability.

After a year's hiatus due to the pandemic, Hochland Polska has for the fourth time conducted a satisfaction survey on the company's initiatives for local communities. The survey was carried out among the inhabitants of the municipality of Kaźmierz and the town of Węgrów, where the company has its production facilities, and among the employees of Hochland Polska. All willing people from the areas of Kaźmierz and Węgrów were invited to fill in the questionnaire. Distribution of the questionnaire was planned within editions of local newspapers, but also online. In the survey, we ask whether Hochland Polska is an environmentally friendly company, whether it supports socially important

initiatives, youth education and activities promoting physical activity, whether it is involved in the development of the municipality, and finally about the general level of satisfaction with Hochland Polska's initiatives in the local community.

In 2021, 786 questionnaires were correctly completed, 110 of which were completed by Hochland Polska employees. The results of the top box survey were analysed, i.e. the 'somewhat yes' and 'definitely yes' responses were summarised and compared with previous years' results. Compared to previous years, there is a slight change in the respondents' answers – they are more cautious in their judgements. Nevertheless, in all questions, the answers of “somewhat yes” and “definitely yes” are given in over 90%. The general level of satisfaction with the initiatives of Hochland Polska is 94% of the “somewhat yes” and “definitely yes” answers. The results obtained in this year's

survey show that the activities undertaken by Hochland Polska are noticed and well appreciated, which makes us very proud. The local community is satisfied and appreciates Hochland Polska's involvement in the development of local initiatives. The project made it possible to answer the questions of whether the implemented activities and initiatives are effective and whether all relevant aspects are taken care of.



The results of the survey are a very useful tool for assessing our activities, they also help us plan further cooperation between Hochland Polska and local communities in the coming years.

12. ACTIVITIES PLANNED IN 2022

The 2022 targets and actions focus on achieving the strategic objectives – reducing the carbon footprint and the circular economy in production facilities.

In 2022, a programme of training and environmental initiatives will follow the model of last year. The so-called **ENVIRONMENTAL Timetable 2022** will be filled with sustainability webinars, the scopes of which have been discussed and approved by the Columbus team, as well as events from the environmental calendar of initiatives such as Earth Day and local events such as the Bread and Cheese Festival.

JANUARY COMPETITION FOR EMPLOYEES PROMOTING THE 3R CONCEPT (REDUCE, REUSE, RECYCLE)	FEBRUARY Webinar DIGITAL WELL-BEING 22 February 2022	MARCH Cyber Clean-up Day 17-21 March 2022 Webinar Animal welfare 22 March 2022	APRIL Webinar Well-being 19 April 2022 EARTH DAY 22 April 2022: <ul style="list-style-type: none"> Planting trees at the Kaźmierz and Węgrów sites Seeding a meadow by employees on a plot at the HLKAZ plant
MAY NO LITTER DAY WITH REKOPOL Titled "Flowers for e-waste" 10-12 May 2022 Collection of electrowaste at the Hochland site	JUNE WORLD ENVIRONMENT DAY 28.05.2022 in Kaźmierz 03.06.2022 in Poznań 18.06.2022 in Węgrów Eco-friendly field game	JULY 	AUGUST ECO STAND At the Bread and Cheese Festival in KAZ
SEPTEMBER WORLD CLEANUP DAY 16 September 2022 Collection of waste from around Kaźmierz with the participation of local Hochland Partners	OCTOBER COLLECTION OF WINTER FOOTWEAR FOR PEOPLE IN NEED 12-24 October 2022 We help society and the environment at the same time Webinar Saving water 18 October 2022 Webinar Energy-efficient building 25 October 2022	NOVEMBER Webinar Eco-passions of employees 22 November 2022	DECEMBER 

13. SUMMARY – FACTS

CO₂ EMISSIONS REDUCED BY
62% IN 2020
COMPARED TO 2019

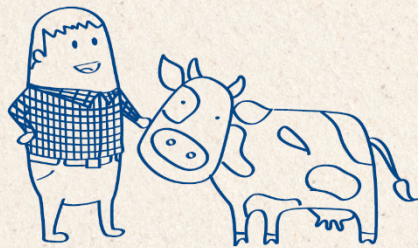


84% OF PACKAGING PUT ON
THE MARKET IN 2021 WAS
RECYCLABLE

REDUCING THE AMOUNT OF
PLASTIC IN PACKAGING IN THE
LAST YEAR BY
22 TONNES

AND FOR PAPER -
25 TONNES

REDUCTION BY
240 TONNES/YEAR
OF SEWAGE SLUDGE IN THE
KAŹMIERZ PLANT



38% OF MILK SUPPLIERS
IN THE HIGHEST CATEGORY
OF ANIMAL WELFARE
- CATEGORY A

MORE THAN 14,000 m²
FLOWER MEADOWS
AND FLOWER BEDS 2021

