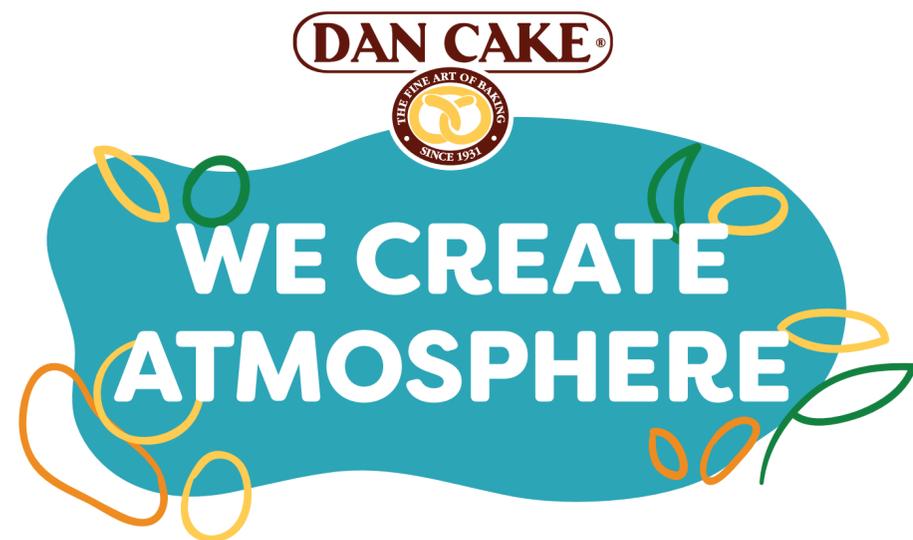


# SUSTAINABILITY REPORT



**Dan Cake Polonia Sp. z o.o.**

**2021 - 2022**

January 2023



# History

The story of Dan Cake brand started in 1931. That was when Jens Eskildsen opened his bakery in small Danish town called Simmelkjær.

His greatest dream was to create delicious home-made cakes, which he wanted to offer to people having no time or knowledge of how to bake on their own.

Years later, his cakes became very popular and the plant was moved to the town of Givé located nearby, where industrial-scale production was launched.

From 2004 Dan Cake Polonia is part of international Group that operates its production facilities in Denmark, Germany, Bangladesh and, of course, in Poland.

# Dan Cake Polonia

- A leading manufacturer of packaged bakery and confectionery products and valued brand in Central and Eastern Europe.
- Dynamically evolving organisation that employs over 450 people.
- Modern production plant located in Chrzanów.
- 7 highly automated production lines.

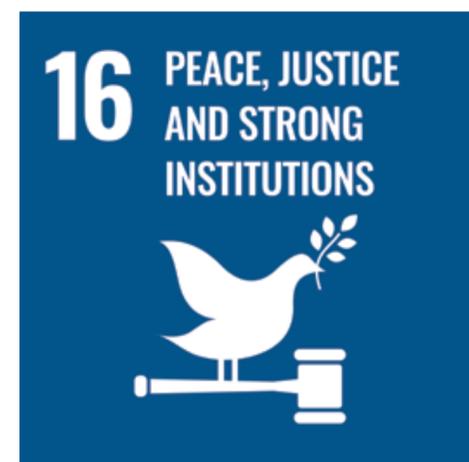
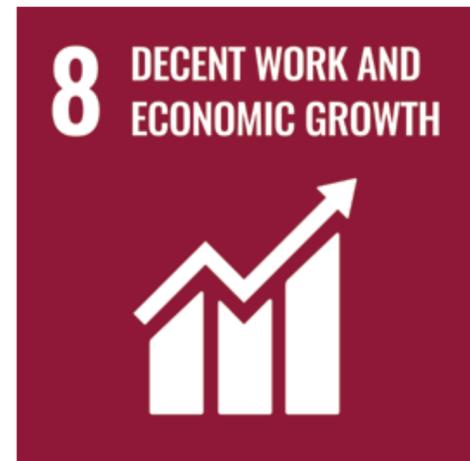


# International Group

The Dan Cake production plant in Chrzanów currently has 7 modern production lines, supplying products for 16 years both under the Dan Cake brand and, within the private label offer, by the order of the largest retail chains in Poland.

However, the product portfolio includes the assortment produced not only in Chrzanów, but also abroad - in Germany, Denmark or other countries where our Group's plants operate.

## We implement the Sustainable Development Goals at every stage of our activities:



**SUSTAINABLE  
DEVELOPMENT  
GOALS**

# Our mission

**Our mission is to offer the highest quality packaged cakes, snacks and bread so that our consumers can feel carefree and save time that they can spend on what is important to them.**



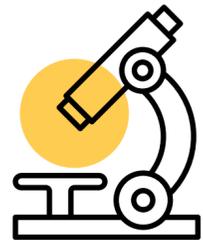
## EMPLOYEES

Our employees are of the highest value to us, that is why we offer them good working conditions and equal development opportunities.



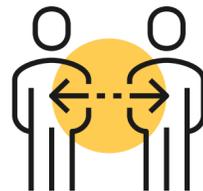
## SAFETY

We provide a high level of food safety in accordance with the restrictive EU IFS rules.



## HIGH QUALITY

We care about the highest quality of our products in all aspects of our daily work. We place particular emphasis on the use of the best materials.



## SOCIAL RESPONSIBILITY

The good of the local community is very important to us, which is why we support the development of its residents and locally organise social campaigns within the “We Create Atmosphere” CSR project.



## NEW TECHNOLOGIES

We focus on innovation, while caring for the natural environment. Thanks to environmentally friendly technologies, we use natural resources and energy sources sparingly, we optimise the raw materials needed for production.



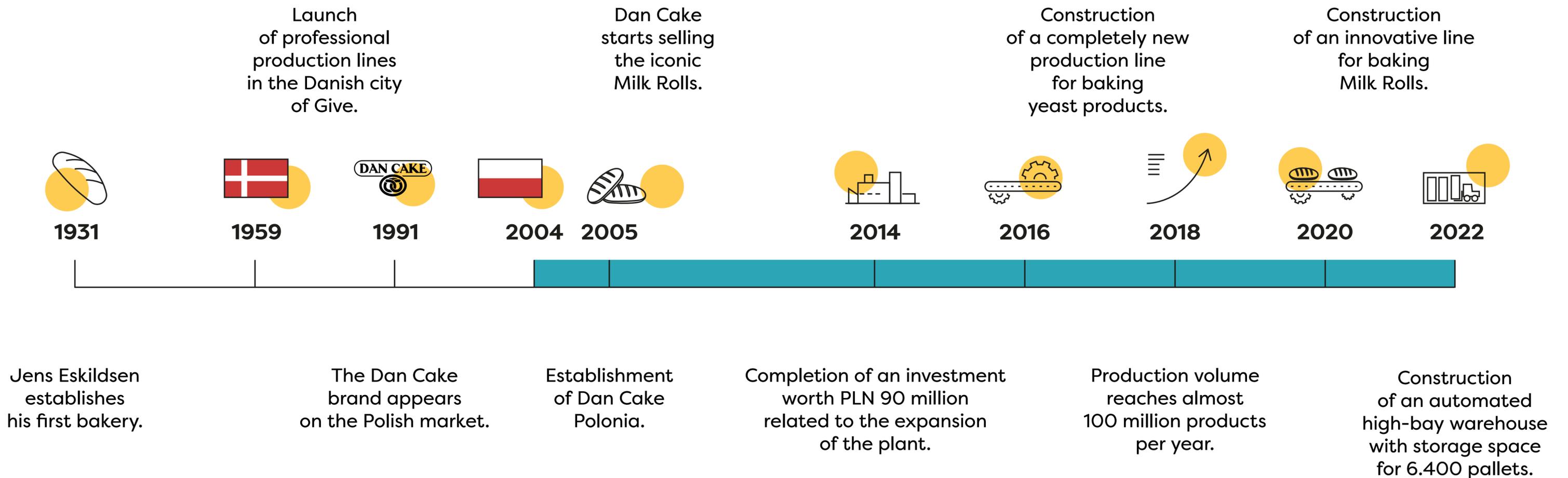
# Quality Policy

**We constantly strive to be the industry leader in packaged bakery and confectionery products, ensuring the highest level of quality and safety.**

**We achieve our goals through staff engagement, cooperation with our customers and suppliers:**

- we develop high-quality products and aim to achieve better and better financial results while maintaining the company's values,
- we build a food safety culture every day through training, cooperation and recognition of positive attitudes,
- we regularly check the quality and taste of our products, improve recipes and technology,
- we only market products that meet the strict requirements of our specifications,
- we ensure a high level of hygiene of production lines and modern, reliable machinery,
- we use the highest quality materials with biodiversity and animal well-being in mind, we do not use GMO,
- our customers can always count on us, we are at their disposal and we are constantly working to ensure a high level of their satisfaction,
- our logistics processes ensure high quality of services and optimal use of transportation means,
- we ensure safe working conditions to our employees,
- we operate in line with sustainability principles, caring for the environment, local society and our employees.

# Milestones





# Introduction

Dan Cake Polonia's policy is based on sustainable development, promoting honesty and transparency of our rules, taking care of the Company's staff, the environment and development in every area. We base our operations on current and future industry trends, using cutting-edge technologies and considering research results and outcomes of our work. We demonstrate effective ethics management and anti-corruption and anti-fraud principles.

We focus our operations on building and maintaining good relations at every stage of the supply chain while taking care of convenient co-operation terms with materials and packaging suppliers. We build mutual relations based on ethics, transparent criteria and audits and assessments of suppliers.

Sustainability is our conscious choice to invest in our future. As part of our sustainability policy we engage in dialogue with our suppliers and customers, aiming to build global awareness and raise understanding of environmental issues. Through conscious purchases of certified materials, we support biodiversity and human rights protection.

# RSPO - certified palm oil



Apart from rapeseed and sunflower oil, for our products we use certified 100% segregated palm oil that is subject to strict controls throughout the supply chain. By adopting RSPO certification, we want to protect natural ecosystems, prevent the extinction of rare animal and plant species, respect human rights and ensure hygiene and safety of the work carried out during the extraction of palm oil in oil palm cultivation areas. Thus we ensure preservation of natural resources. We also want to actively participate in social responsibility for the employment conditions of plantation workers. The palm oil we use comes from plantations that prevent the impoverishment of natural values in the plantations, but also ensure respect for the rights and traditions of the people living in the respective areas.





# Rainforest Alliance - certified cocoa

By buying materials certified under this certification model, we promote sustainable agricultural land management practices, thus protecting forests, biodiversity and natural resources. The Rainforest Alliance certification focuses strictly on contemporary social and environmental issues, particularly addressing the climate crisis. The rural population of the plantation areas lives in extreme poverty. The Rainforest Alliance program offers farmers and their families solutions that significantly contribute to the improvement of their living conditions. The Rainforest Alliance program imposes strict controls on working conditions on plantations, eliminating human rights violations, including gender inequality, child labour and forced labour for abusive remuneration. In the framework of cooperation with Rainforest Alliance, farmers have the opportunity to participate in extensive training on good agricultural practices that are environmentally and climate friendly. The activities undertaken help eliminate climate crisis effects, lower costs and boost production to achieve higher profitability.

# FairTrade - certified cocoa



By adopting FairTrade certification of our products we want to actively participate in promoting fair trade. By choosing products with the FairTrade mark, we all contribute to better living conditions for families and communities living in plantation areas. FairTrade promotes higher purchase prices for raw materials, enables growers to plan better by strengthening trade relations with buyers, guarantees access to pre-harvest financial advances, controls fair trade and ensures good working conditions on plantations. Thanks to FairTrade farmers get financial security guarantee in the event of a decrease in raw material prices on the market. By acting in line with the FairTrade standard throughout the supply chain, we have a real impact on the improvement of safety and working conditions, while supporting farmers and plantation workers in improving their skills and competencies. The aspect that is important for us is prevention of forced child labour and women discrimination, and absolute respect for human rights.



- 1 NO POVERTY
- 3 GOOD HEALTH AND WELL-BEING
- 5 GENDER EQUALITY
- 8 DECENT WORK AND ECONOMIC GROWTH
- 10 REDUCED INEQUALITIES

# Heat recovery

In our plant heat is generated in different places, so we have decided to recover it and use it for plant and water heating.

For several years now heat recovery has been operating on the baking oven of one of our production lines, so that through suitable exchangers the vapours emitted during the baking process heat water, which is the medium in the central heating system. Thanks to this we use less gas and emit into the atmosphere less substances resulting from the combustion process. Another step is the replacement of compressors with units that have heat exchangers, so that the heat generated in the compression process can also be used to heat the plant.





# Upgrading lighting and air conditioning

As part of energy savings, a project to modernize the plant's indoor and outdoor lighting was initiated. The project covers replacement of more than 500 fittings with LED lamps, installation of motion sensors in rooms where there is no need for continuous lighting (including technical rooms, warehouses), and optimization of the distribution of light points. At the moment we were able to reduce energy consumption related with lighting by approx. 45%. Our aim is to achieve a 60% reduction.

Another project that enabled daily savings was the introduction of standby and automatic control functions for existing ventilation and air-conditioning equipment to reduce energy consumption during times of reduced or no demand for cooling and ventilation.

# Photovoltaics

Currently we have 111 photovoltaics panels installed on the roof of the high bay warehouse with the total power of 50 kWp. The installation has already passed technical acceptance and will start producing energy in 2023.

We have already bought another 1.098 photovoltaics panels that will be commissioned in the middle of 2023. This will be the second stage of the investment that allows us to generate energy of approximately 500 kWp. We are also planning the third stage of the investment, which would allow us to be a completely energy-independent company on sunny days.



7 AFFORDABLE AND  
CLEAN ENERGY



# Volvo trucks powered by LNG

The demand for alternative, more sustainable solutions in trucking continues to grow. One of the most popular options is the use of LNG engines. We have decided to lease two Volvo trucks powered by LNG, which will ultimately result in a 22% reduction in CO<sub>2</sub> emissions into the environment, compared to diesel. LNG engines also emit 50% less noise compared to heavy-duty diesel engines, which allows the use of fleets powered by this blue fuel in areas with low permissible noise levels, for example, when supplying stores at night or in residential areas.

13 CLIMATE ACTION



# Reduction of plastic in packaging

As a conscious company, Dan Cake Polonia aims to reduce the amount of plastic used for the packaging of its products. The PP foil used in packaging of 300 g Muffins has been reduced in thickness from 40 to 30 microns. For 10.000 pieces of packaging this results in 16 kg less plastic, which ultimately reduces the share of plastic in the environment by as much as 29%.

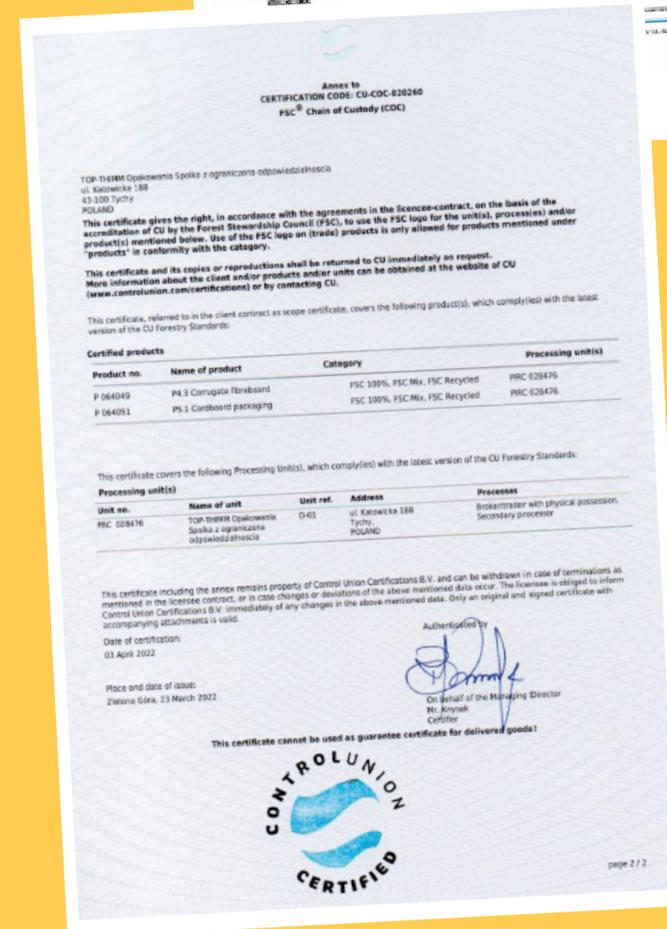
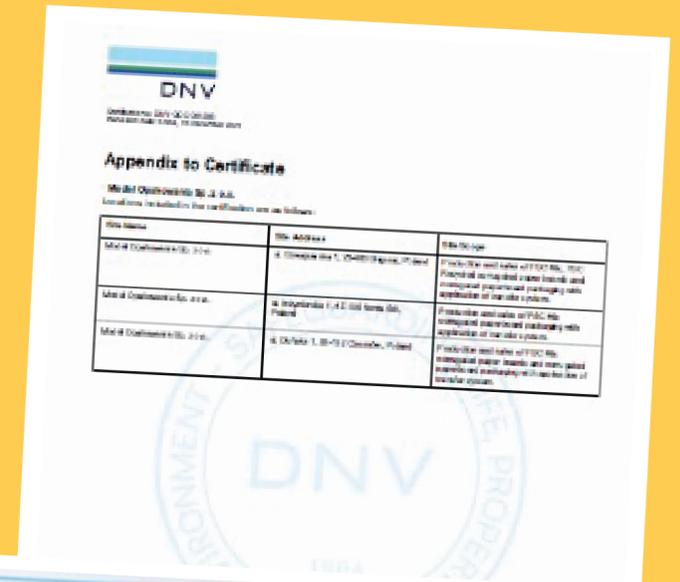
13 CLIMATE ACTION



# High quality of the materials used



We constantly strive to offer packaging that meets the highest standards. All our cartons used for product packaging are fully recyclable and are FSC certified. The FSC certificate enables us to distinguish wood products that come from responsible industry. It certifies that the wood or wood fibres used in the production of a particular product come from certified forests.



# Health and Safety at Work

At Dan Cake we count days without accident at work and systematically have the so-called Team Safety Walks. Our strategy for the coming years includes the continuation of occupational health and safety week, which includes activities such as training in first aid, training in the use of fire extinguishers, drill evacuations and many other activities to improve the knowledge, skills and awareness of our employees.



# Measurements of gas and dust emission

Air quality is one of the main environmental issues in Poland. Main air pollutants are: carbon oxides, sulphur oxides, nitrogen oxides and dust.

The aim of our measurements is to determine:

- the type of substance introduced into air from selected sources - emitters,
- the mass flow of designated and emitted substances into the air.

The legal basis that regulates the obligation to measure twice a year (in summer and winter) the emissions of gases and dust introduced into the environment from our emitters is the decision issued by the Chrzanów Starost. Reports with measurements are prepared by accredited laboratories. The measurements carried out so far have not shown any violations of emission limits.



# ECO Team

The management of Dan Cake Polonia has appointed an „ECO Team”. This is a group of employees whose task is to identify risks, prevent them and, most importantly, reliably assess their outcomes, develop strategies and actions that are compliant with the environmental law.

The team works in line with the 4 Deming PDCA stages: Plan-Do-Check-Act.

- Plan - to act in a thoughtful manner A careful analysis of the current situation is required.
- Do - plan implementation and checking its effectiveness.
- Check - checking the achieved outcomes of previous actions (planning and doing).
- Act - the aim is to improve the outcomes and streamline the process.



In times of climate change and serious environmental threats, any unnecessary interference with the state of wildlife can result in irreversible consequences, such as the extinction of more species or ecosystem disruption.



On the area of 14 m<sup>2</sup> in Dan Cake Polonia plant nature conservation expert confirmed the presence of three partially protected species of peat mosses.

These are:

- prairie sphagnum (*Sphagnum palustre*),
- pointed spear-moss (*Calliergonella cuspidat*),
- ribbed bog moss (*Aulacomnium palustre*).

# Pallet pooling



We have obtained the Sustainable Development Certificate from CHEP because, as a result of our ongoing cooperation, we have reduced the use of wood by 157.548 dm<sup>3</sup> (which stands for 152 saved trees), we have limited CO<sub>2</sub> emission by 207.991 kg, and reduced the amount of waste by as much as 15.508 kg. All this thanks to pooling, or pallet renting, which really increases the environmental and economic efficiency of the entire supply chain. Launching of the pallet management system by Dan Cake in cooperation with CHEP also translated into significant cost reduction and streamlining of production and distribution processes. We have also gained more free storage space and can manage it better.



# We support the honey bee population development

In response to the need to protect honey bees as a key factor in the stability of the natural ecosystem, we have taken active measures to protect them: we have installed an urban apiary on our production plant. This special project aims to increase biodiversity of the surrounding areas and highlight the problem of bee extinction. It is also an important part of the sustainable development strategy of Dan Cake Polonia. Having our bees in mind, we have also planted a flower meadow on the premises of our plant and in the green areas around the company, we try to plant honey-producing plants.



# We support MKS Fablok Chrzanów



As a socially responsible company, we engage in valuable, local initiatives - especially if they concern sports and promoting physical activity among children and teenagers. That is why we sponsor the City Sports Club Fablok in Chrzanów. We have funded football outfits for the teams we finance, and we also provide product supplies to the Club during major sporting events. You can find our brand's logo, among other things, on players' T-shirts or match banners. Our company also supports sporting events organised by the Club. The City Sports Club Fablok in Chrzanów continues local tradition related to football dating back to 1926. From the beginning, he was associated with the First Locomotive Factory in Chrzanów.

3 GOOD HEALTH  
AND WELL-BEING



# Dan Cake Little Fire Fighter Academy



We support the education of the youngest fire fighters from our county by creating the „Dan Cake Little Fire Fighter Academy” together with the Volunteer Fire Brigade in Chrzanów. The funds donated by us are used, among other things, to organize educational meetings, trips and camps or purchase uniforms for the children. In the Academy, little participants take training so that they will know how to behave in an emergency situation, as well as where to get help and how to ask for it. They also get familiar with the job of fire fighters and their work place.





# We lower our carbon footprint with Chrzanów Forestry Authority

We have established cooperation with Chrzanów Forestry Authority - a unit of the State Forests in Chrzanów, and the core of this cooperation is internal sports competition under the slogan „Far Out Challenge”. Every kilometre that is run or cycled by the company’s employees is an equivalent of a tree seedling provided by the Forestry Authority. This way, with our joint efforts and commitment, we collected as many as 4.000 seedlings which were planted in the forest in Wygiełzów, while another 4.000 will be planted in spring 2023. The participants of the tree planting initiative are not only our employees and their families, but also employees of the heritage park in Wygiełzów and children from sport clubs and organisations supported by Dan Cake. Moreover, as part of the cooperation, we have donated to the Forestry Authority 11 tables with benches - rest areas, which retrofitted parking areas located in three local forest districts.



# Dan Cake Far Out Challenge

We Create Atmosphere is a project that involves, as one of its areas of activity, initiatives aimed at taking care of the health, fitness and well-being of our employees, as well as creating a workplace that is friendly to their development. Sport is an important element of everyday life in our company. This is why this year we have already organised two editions of our „Far Out Challenge”. By replacing cars with bicycles, together we reduce carbon dioxide emissions into the atmosphere, and by running we keep ourselves healthy and fit. What is worth mentioning, the interest with cycling in our company is growing every year.

In this year's two editions, together we achieved excellent results:

- we cycled over 4.492 km
- we run over 1.926 km
- we prevented almost 1,6 tons of carbon dioxide from getting to the atmosphere thanks to our sport activity,
- we burned 46 thousand calories together!



# We Create Atmosphere Tour

In the summer, we organised in Chrzanów and its vicinity a tour to promote our local initiatives organized within the framework of the project „We Create Atmosphere”. Under the slogan „We Create Atmosphere Tour”, we met with summer events’ participants. It was a time of a fruitful dialogue with local community representatives - over coffee and our sweet muffins and donuts, in a truly carefree and relaxed atmosphere. We discussed with our visitors not only our CSR initiatives that are recently talked about in the region, but also career development opportunities in Dan Cake, our products, investments and plans for the future. Employees of Dan Cake Polonia and their families were also engaged in all the initiatives.



# We created an air purification mural

Our unique mural was created on a wall of a tenement building located at Mickiewicza Street in Chrzanów and it was made with the use of special photocatalytic paints that contain titanium dioxide, which attracts and neutralizes smog on a similar basis to the photosynthetic process taking place in plants. Thank to this the surface covered with these paints absorbs pollution comparably to 170 trees.

The mural is a result of cooperation between Chrzanów City and the Social Housing Association in Chrzanów. It depicts the region's landmarks and details related to sports and eco-friendly activities. But this initiative aims not only to highlight the region's natural and tourism assets, but also to draw public attention to the problem of air pollution in an interesting, artistic way. We decided to use an unconventional, street art message that blends with the local architecture, giving it an artistic touch, and improves the residents' quality of life.



11 SUSTAINABLE CITIES AND COMMUNITIES



13 CLIMATE ACTION



# „On the Carefree Trail” Quests

We launched 3 quest trails in Chrzanów and its surroundings, which provide an interesting form of entertainment and leisure activities for locals, Dan Cake employees, tourists and visitors, schools, families or groups of friends. Quests are simply local, educational outdoor games, providing a fascinating adventure for people of all ages. It is also an alternative for the locals for an interesting activity and at the same time an unusual tourist attraction that brings participants closer to the history and cultural wealth of the region.



# „Too Good To Go”

Expiration date markings on products are still misunderstood by consumers, which results in the throwing away of food products that, although shortly past their expiration date, are still suitable for consumption. As shown in a report by Food banks in Poland, as many as 64% of adults do not know what the labels on food products really mean, resulting in as much as 10% of food going to waste.

That is why we have decided to engage in a national educational campaign „Too Good To Go” We place on Dan Cake products - toast bread and milk rolls - a special markings that will help consumers correctly understand expiration dates and thus reduce food waste. They are to remind consumers to use their senses to decide whether they can eat the product past the expiration date.



# Our support for Ukraine

As a company that supports various initiatives, it is natural for us to be fully committed to helping those who need it most these days. That is why, since February 2022, we have undertaken a number of activities in support of war-affected Ukraine, including:

- We have regularly prepared food parcels for employees and residents of Chrzanów and the surrounding area coming from Ukraine.
- We have supported collection institutions and NGOs in our region to continuously respond to their requests for donations of food-stuffs of our production for Ukraine.
- We have set up a special emergency fund to finance some necessary and important initiatives in our region.
- We have donated 66 pallets of Dan Cake products for humanitarian aid, which went to Ukraine in cooperation with our customers and NGOs.
- Together with Keep a Child Alive organisation we have donated 33 pallets of products that included Dan Cake bakery and confectionery products and infant formula. This aid went mainly to families in Kiev.



1 NO POVERTY

2 ZERO HUNGER

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

17 PARTNERSHIPS FOR THE GOALS

# We support local organisations, institutions and associations

We supported, among others, County Hospital in Chrzanów, The Great Orchestra of Christmas Charity, House of the Guardian Angels (Dom Aniołów Stróżów) and Noble Gift (Szlachetna Paczka) - through in-kind, financial and product aid. We also engaged in helping Janek Kozub - a boy from Chrzanów who suffers from spinal muscular atrophy - by donating PLN 10.000 for his therapy. This amount was collected thanks to our employees' engagement in the company's „Far Out Challenge”.

3 GOOD HEALTH AND WELL-BEING



**DAN CAKE®**



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