



CORPORATE SOCIAL RESPONSIBILITY REPORT

FARM FRITES POLAND SA

About this Report

This document is the first report by Farm Frites Poland SA (FFP) on sustainability and corporate responsibility. It starts a regular (biennial) presentation of the effects of any actions taken by us in the areas. The report opens with a summary of the most important activities related to the idea of sustainability and performed by our company in the years 2012-2013 or earlier (if so indicated).

This Report concerns Farm Frites Poland SA plant based in Lębork, 13 Abrahama Street. It was drawn up in accordance with the Global Reporting Initiative (GRI) guidelines, application level C.

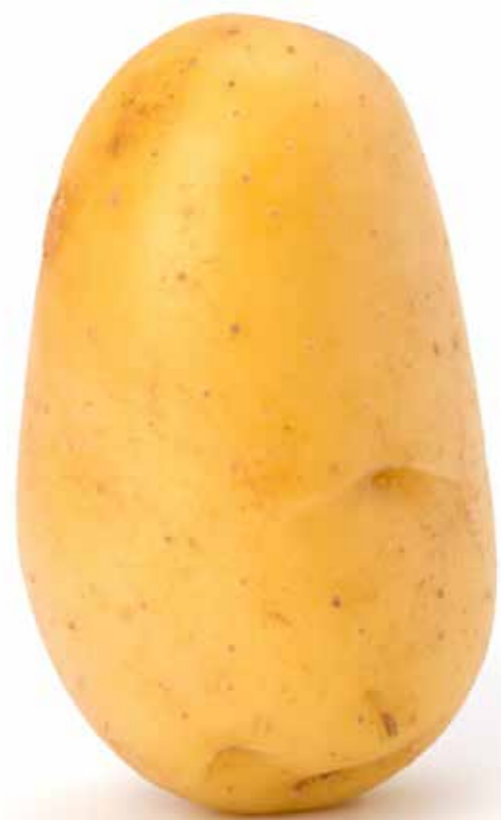
By applying the international standards, we give prospective readers an opportunity to compare our indicators with performance indicators of other companies in the business, including any companies operating

outside Poland. For more information about GRI G3.1 reporting principles visit www.globalreporting.org.

This report was made out with no limitations on its boundary or scope, taking into account trade secrets and confidentiality of contracts with our employees. It was printed on recycled paper.

If you have any questions regarding the sustainable development and corporate responsibility of FFP and this report or its contents please contact Wojciech Kiedrowicz, Environmental & Sustainability Senior Manager (wojciech.kiedrowicz@ffp.pl) or Katarzyna Majchrzak, PR Specialist (katarzyna.majchrzak@ffp.pl).

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LETTER OF THE PRESIDENT OF THE MANAGEMENT BOARD



Ladies and Gentlemen,



I am happy to present to you the first Corporate Social Responsibility Report of Farm Frites Poland SA. Twenty years of continuous and uninterrupted operation have made our company become one of the best manufacturers of frozen French fries in East Central Europe. Our development is closely associated with the town of Leźbork. We have been present here from the very beginning. We employ local workforce, cooperate with locally-based suppliers and subcontractors. Three quarters of suppliers of potatoes - our primary material - come from Pomorskie Voivodeship. We spare no effort to build good and long-lasting social relationships by supporting initiatives significant to the local community.

The first priority for Farm Frites Poland is top quality, understood in a sustainable way, respecting human rights, labour standards, environmental protection and business ethics. The values constitute the basis for our company Integrated Management System Strategy which determines key directions of development and policy in each area of our company's activity. They are also the core of our mission and vision. We have systems in place to take care of our employees and the natural and social environment, the proof of which are, among others, numerous certifications attained by

Farm Frites Poland. Thanks to incorporating international standards in our policies and procedures, and many internal initiatives we are able to face key challenges and manage risks more efficiently and, as a result, offer top quality products to our clients.

The report we present to you today is, on one hand, a summary of actions taken by us with regard to sustainable development and, on the other hand, a specific commitment to launch and carry our new projects and undertakings. It is also a confirmation that we not only assume responsibility for the impact we have on the social and natural environment but also follow and are up-to-date with changing conditions and ready to meet new challenges. Therefore, we will be grateful for any suggestions and comments which can help us understand your expectations better. We want to be, and I truly hope that we already are, perceived as a company that associates with openness, understanding and closeness.

Finally, I would like to express my heartfelt thanks to all employees of Farm Frites Poland, and in particular to those I have had pleasure to work with from the very beginning. None of the things we write about in this Report would be possible without a deep commitment of people working with and for Farm Frites Poland."

Enjoy your reading!

E. C. Lehmann-Bärenklau
President & CEO

ABOUT US



OUR COMPANY'S PROFILE

Farm Frites Poland SA (FFP) is one of the top producers of frozen French fries in East Central Europe. The company was established in 1993 as a joint venture of two Dutch potato product producers: Aviko BV and Farm Frites BV. In autumn 1994, the plant was opened and the French fries production line was commissioned. The company has been developing continuously since then. The potato pancake production line was launched in 2004 and the potato flake production line in 2011. At present, our three modern lines produce 50 different types of French fries, potato pancakes and potato flakes ordered by our three clients being Farm Frites, Aviko and McDonald's.

Farm Frites BV is one of the two shareholders of our company. The company was established by Gerrit de Bruijne in Oudendoorn, the Netherlands, in 1971. Nowadays, the head of this independent family company is Piet de Bruijne, the founder's son. Farm Frites currently has 40 trade offices and 6 plants. It employs about 1,500 staff in 40 different locations. Farm Frites processes about 1,300,000 tons of potatoes annually and produces 780,000 tons of potato products.

Aviko BV (Aviko Group) is the other shareholder of our company. The company was established by a group of 32 Dutch farmers in 1962. Aviko Group is one of the world's four biggest potato processors. All of its shares have been held by Royal Cosun since 2002.

McDonald's is one of the world's biggest and most popular fast food restaurant chains. It has 35,000 restaurants which are visited by over 70 million people in more than 100 countries every day. Our company has been McDonald's supplier uninterruptedly since 1995. The French fries produced in the Farm Frites plant in Poland are delivered to about 900 McDonald's restaurants in twelve countries: Belarus, Bulgaria, the Czech Republic, Estonia, Lithuania, Latvia, Poland, Russia, Serbia, Slovakia, Slovenia, Sweden and Ukraine. The attention we constantly pay to the quality and safety of our products is the cornerstone of our cooperation with McDonald's.

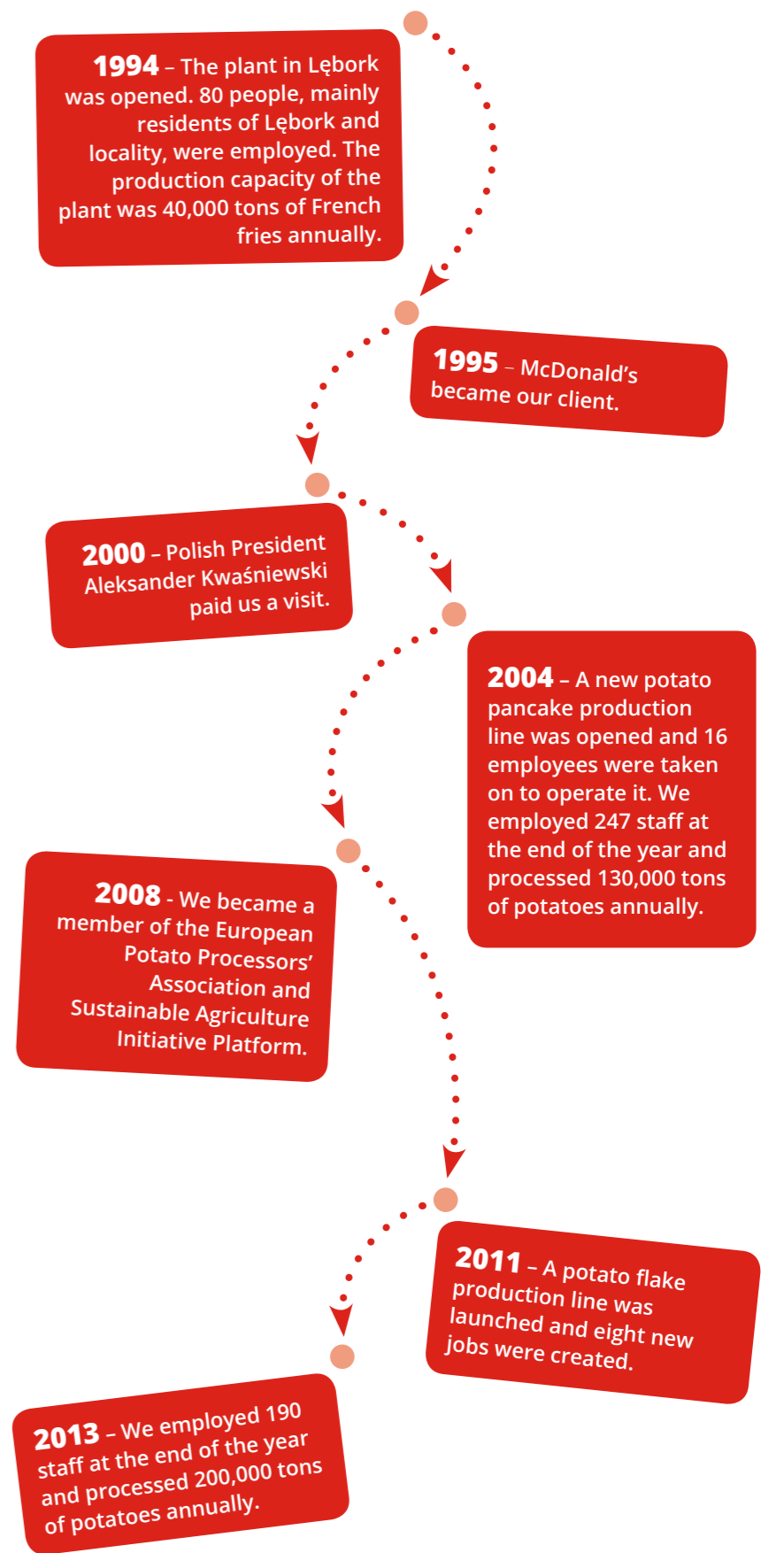


"Our cooperation with McDonald's goes beyond ordinary business relations. McDonald's corporation has been pursuing its clear strategy for sustainable development for many years now. One of the elements of this strategy is sustainable procurement of all products and packaging. A journey towards a sustainable supply chain begins with direct suppliers such as our company. We accept and realise

the sustainable development vision which envisages continuous improvement and development in such areas as environmental protection, work ethics and working conditions, economic issues and exerting positive influence on the local community in which we operate. We regularly support charity programmes of Ronald McDonald's House Charities which directly improve the health and wellbeing of children in many countries. We are active members of the Ronald McDonald's Foundation Council in Poland. I have cooperated with McDonald's for many years and it has always been a pleasure. McDonald's is a very demanding client. Thanks to deep commitment of our company's management as well as great passion and ambition of all our employees, we are able to meet higher and higher standards and live up to our client's expectations. We are proud that our efforts are appreciated by McDonald's and that the trust they place in us is reflected in the cooperation that is expanding. We are aware that this cooperation makes it possible for our company to become a better and more modern enterprise."

Grażyna Nowak-Połomska,
Company Development & McDonald's Business Unit Director

Main events



Our achievements

-  In 1998, we were granted the Silver Bear Award in recognition of our contribution to the promotion of Słupsk Region.
-  In 2004, we were ranked second in the Employer - Safe Work Organiser Competition.
-  In 2005, Mr E.C. Lehmann-Bärenklau, the President & CEO, was awarded the Gold Cross of Merit in recognition of his invaluable contribution towards the social and economic development of the town of Lębork.
-  In 2012, we were awarded by Forum Biznesu the Quality International 2012 Award.

-  In 2013, the Silver Fox Award was presented to our President & CEO Mr E.C. Lehmann - Bärenklau by McDonald's in recognition of his outstanding contribution to the company's operations.
-  In 2013, a special award of the Chapter of the Lębork Region Certificate of Merit was presented to our company in recognition of our achievements and actions for the benefit of Lębork Powiat.
-  In 2013, our company won the Our Good Products from Pomerania Award in Food Production Category.



Our memberships

European Potato Processors' Association (EUPPA) - an association for potato processors, which plays an active role in promoting food safety and sustainability.

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

Polish Federation of Food Producers - its objective is to ensure effective joint participation of business operators in the process of creation of legal, organisational and economic conditions for food industry development.

Rekpol Organizacja Odzysku Opakowań SA (Packaging Recovery Organisation) - provides to entrepreneurs and businesses its assistance in packaging recovery and recycling.

Organisational Structure



Our stakeholders

Any organisation affected by our company, or by which our company is affected, is considered FFP stakeholder. It is important for us to ensure that our actions come up to the expectations of our stakeholders as far as possible. We understand that this is a guarantee of longstanding and effective cooperation.

STAFF: meetings with superiors, notice boards, our intranet, internal newsletter, fanpage, assessment of employee satisfaction.



SUPPLIERS: regular meetings, telephone and email contact, the website (for potato suppliers) www.ziemniaki.ffp.pl.



CLIENTS: regular meetings, telephone and email contact, assessment of satisfaction.



SOCIAL ENVIRONMENT (local community, media, authorities, NGOs): meetings with local self-government authorities, cooperation with NGOs, press releases, our fanpage and website.

Our company's management

The top management responsible for directing our company are:

1. E.C. Lehmann - Bärenklau – President & CEO
2. Rafał Reszka – Chief Operational Officer/Financial Director and Member of the Management Board
3. Adam Klasa – Plant Director
4. Grażyna Nowak-Połomska – company Development & McDonald's Business Unit Director
5. Malwina Piotrowska – Quality Management Director
6. Dorota Markiewisz-Kubik – HR Director
7. Dariusz Wierzbicki – IT Director
8. Jarosław Wańkowicz – Potato Procurement Director

FINANCIAL INFORMATION (IN THOUSANDS OF ZLOTYS)		
2011	2012	2013
REVENUES		
226 045	264 321	257 597
OPERATING COSTS		
185 274	215 224	214 154
REMUNERATIONS AND EMPLOYEE BENEFITS		
17 209	17 206	18 165
PAYMENTS TO CAPITAL PROVIDERS		
3 857	4 411	3 418
PAYMENTS TO THE STATE		
2 842	4 165	4 362
COMMUNITY INVESTMENTS		
128	204	172
SUM		
209 310	241 210	240 271
ECONOMIC VALUE RETAINED		
16 735	23 111	17 326

Our values

MISSION

*“What we do, we do well.
What we do well, we can probably do better.”*



VISION

*“We are the leading producer of potato products.
We come up to our clients' expectations.
We respect our employees, partners and clients.
We care for the environment.”*

Integrated Management System Strategy



„Over 20 years ago, when looking for a place for a French fries plant, the founders of our company decided it would be Lębork. The location was chosen mainly because the town authorities were very favourably inclined towards the idea of building the plant here. From the very beginning, we have been working very hard to build and foster good relationships with the local environment, including the authorities and residents of the town and our employees. Long before sustainable

development and corporate social responsibility became known and popular in Poland, we had been following the values represented by the ideas. Workplace safety, good atmosphere in the company, caring for our employees, initiatives for the benefit of natural environment, long-term relations with our suppliers have always been as important to us as economic profit. All of the above have been incorporated into the company's Integrated Management System Strategy. The values associated with sustainable development and social responsibility are reflected in five Policies (Food Quality and Safety, HR Management, Occupational Safety and Health, Environmental, Corporate Community Involvement) determining actions taken by our company.”

Rafał Reszka,
Chief Operational Officer/Financial Director

Caring for people and their safety
(HR Management Policy and Occupational Safety and Health Policy)

Maintaining and improving quality
(Food Quality and Safety Policy)

Caring for the environment
(Environmental Policy)

Community involvement
(Corporate Community Involvement)

WE TAKE CARE OF PEOPLE and their safety



„Our company is unique because most of us have been working here for more than ten years. We have developed together, experienced successes and failures, started families. We have attended lots of meetings, trainings, company events. What we can boast about is the fact that we respect all opinions of our employees and their ideas and solutions are always taken into consideration by us. When implementing systems, we offer a lot

of space for discussion and any individual suggestions. We are continuously striving to be governed by common sense and not by the system. What we care about is, above all, our employees' sense of safety and security.”

Dorota Markiewicz-Kubik,
HR Director

The core values cherished by our company are open and ethical organisational culture as well as good relationships and loyalty. When we act in accordance with the values, we build an organisation whose most important asset is human capital.

**MOTIVATION- DEVELOPMENT OF COMPETENCIES
- COMMUNICATION**

DECENT PAY- TAKING CARE OF HEALTH- NO DISCRIMINATION

OPENNESS- MUTUAL RESPECT- COOPERATION

Development and motivation

Competency management

One of the elements promoting our employees' development is Competency Management. We started by selecting company competencies. Then, the employees themselves defined competencies required for individual positions. Steady and continuing development of skills and abilities is very important to us because it helps to rise up to new challenges.

Trainings

We place particular emphasis on trainings, both internal and external, in our company. We have a group of qualified internal instructors who give regular trainings in such areas as safety, information on the system, clients' requirements, HR, etc. We exchange and share experience by encouraging domestic and foreign food companies to cooperate with us. We follow development trends to live up to our clients, staff and business partners' expectations.

Knowledge management

We promote Knowledge Management through our “Potato School”, which was opened by us in Poland in February 2011.



It draws mostly on the information and knowledge acquired during “Potato School” International Programme supported by Simplot, a Canadian company which is the major supplier of potato products to McDonald's restaurants in the USA. We are proud of our “Potato School”. We update the programme on an ongoing basis and regularly

add some practical elements to it. Originally, the programme's objective was to standardise technological knowledge and to increase our employees' awareness. It is currently more focused on conveying knowledge and expertise to other employees of our company, though.

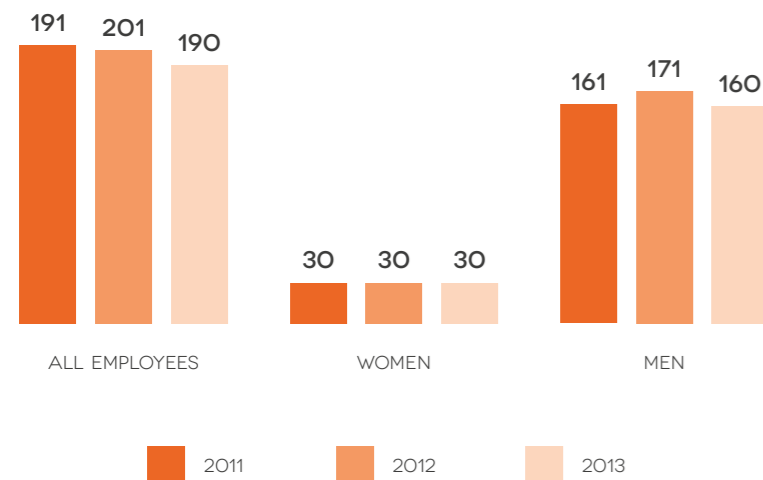
Good place to work

The stability of employment

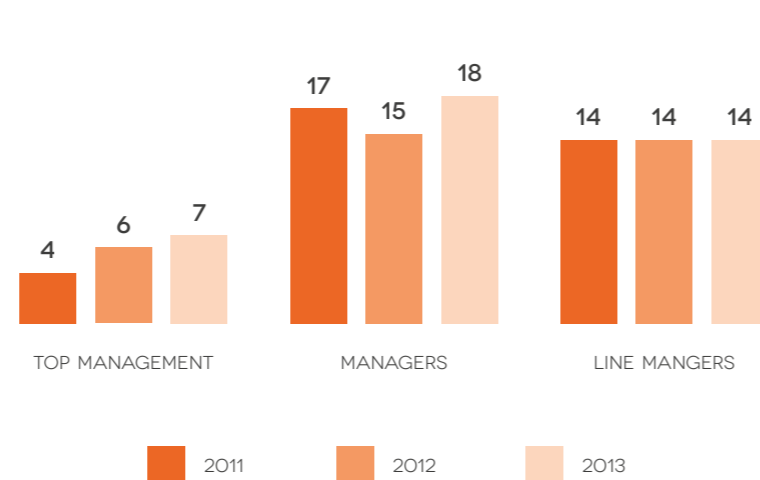
We ensure our staff stable employment and safe jobs. Therefore, we pay special attention to the method of employment. In 2012, over 95.5% of

our staff were employed under open-ended employment contracts and the proportion was more than 97.9% in 2013.

Employed 2011-2013

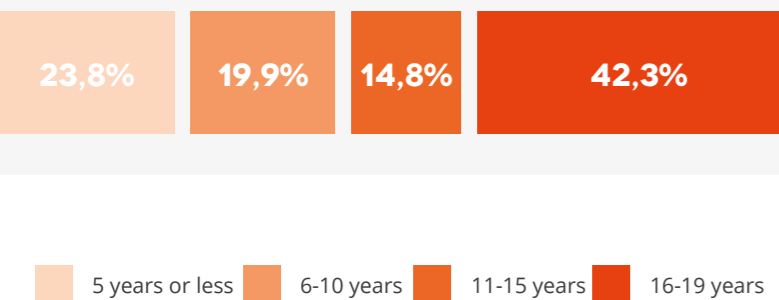


Management 2011-2013



Good atmosphere and employee-friendly working environment results in a very low employee turnover rate. The average rate was 4.54% in 2010-2012. Our policy is in the first place based on long-term employer-employee relationships. Over 59% of our employees have been working

with us for 11 to 19 years, 19% for 6 to 10 years and only 24% of our staff have been with us for 5 years or less. 34 persons (18%) have been working in our company since 1994. We promote internal careers. Many of us started by taking lower level positions and now hold managerial ones.



Medical care

We provide health care to all our employees. We also promote prevention by encouraging our female colleagues to have breast ultrasound or mammogram, and PSA testing in the case of our male colleagues. In 2013, about 75% women (out of 32 women) and 40% of men (out of 158 men) had screening tests. We offer free and voluntary influenza vaccinations to all our employees every autumn.

Employee pension scheme and insurance

We encourage our employees to join our Employee Pension Scheme and partially finance their contributions. Assets accumulated by making regular contributions will ensure additional retirement income. In 2013, more than 50% of our employees participated in the scheme. In 2013, all of our employees were covered for accidents under a group life insurance. More than 72% of our employees take out additional covers.

Employee welfare fund

Thanks to our Employee Welfare Fund we are offered many additional benefits, including sport activities, bicycle trips, away days. We can count on support in times of hardship. Our children go on summer holidays in Poland or abroad every two years and have fun at annual Christmas parties. We also get gift vouchers at Christmas.

Additional benefits

We celebrate 12.5 years of service - in accordance with a Dutch custom. By the end of 2013, 118 staff had already celebrated this jubilee. Benefits in-kind such as French fries or potato pancakes which we receive every week give us an opportunity to taste our products. We also organise department or cross-department meetings and away days. We support initiatives that promote sport and therefore provide funds for, among others, a football team and a marathon runner.





Our company Emergency Response Team takes care of our safety every day.



We organise first aid training courses every year.



Reception - a warm welcome every day.

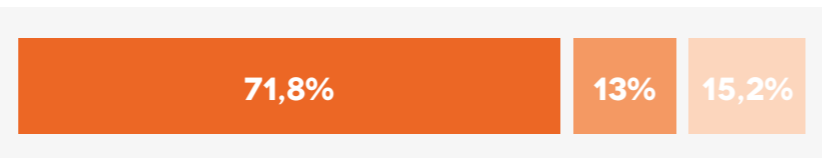


Canteen - a meeting place. We can use it every day. There are lots of tasty dishes to choose from and our French fries and potato pancakes are invariably very popular.

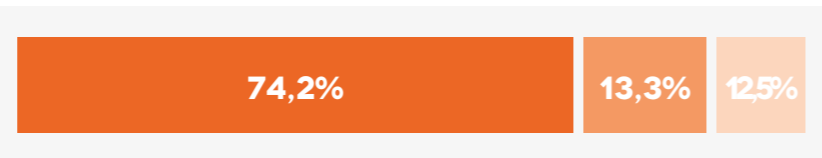
Employees' satisfaction

Satisfaction from work is extremely important. Therefore, we can ask ourselves questions: what do we do right? Or is there anything we might do even better? In 2013, we conducted a survey to measure our employees' satisfaction level. About 70% of staff participated in the survey (some of the results are shown below). The survey results are communicated to all our employees and the findings help us make adequate improvements. We have observed that employees' satisfaction level has risen in most categories compared to the 2011 survey.

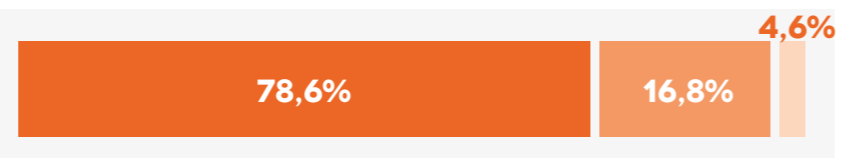
I am satisfied with the atmosphere in the company



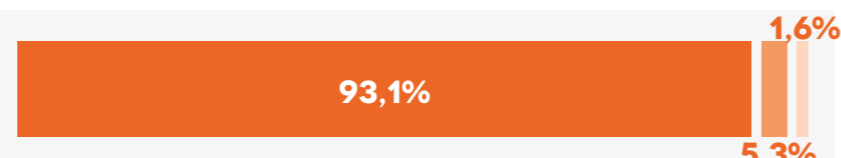
I have a sense of stability of employment



I plan to pursue my future career in FFP



I understand objectives and tasks for my position



■ Yes or rather yes
 ■ Hard to say
 ■ No or rather no

Safety

Based on system guidelines, we already started to implement Occupational Health and Safety Management System in 2012. In 2014, we were awarded the Certificate of Implemented Occupational Health Management in accordance with Polish standard PN-N-18001:2004 and international standard OHSAS 1800:2007. Our main objective is to improve safety culture to such an extent that each employee can feel that they have a strong influence on their own safety and that of their colleagues. Since the beginning of 2013, we have been organising various training courses and campaigns



to familiarise our employees with the principles of the system and to encourage them to engage in safety issues. Production employees have actively participated in occupational risk assessment for their positions (85%). We have published OHS brochures describing and discussing matters concerning employees' safety during work. We have conducted a survey to assess FFP employees' knowledge about occupational health and safety. We have also analysed current occupational health and safety standards in our plant. Our activities are not limited to our premises only. We have been an active member of "Partnership for Prevention" Campaign organised by International Labour Organisation (represented in Poland by Central Institute of Labour Protection- CIOP-PIB). During the campaign, all our employees were given brochures with information on how to ensure workplace safety and how they can contribute to a safe workplace for selves and others. We have also encouraged our employees to get involved in the safety programme through numerous talks and discussions.

GOLDEN OHS RULES

NEVER

take "shortcuts", because I know that I can do harm to myself or my colleagues

NEVER

put production above safety

NEVER

work at heights without proper safety equipment

NEVER

replace parts or fix a device or equipment when it is working

NEVER

obstruct paths or exit routes or access to firefighting equipment

NEVER

perform work or tasks I am not qualified for

QUALITY MAINTENANCE and Improvement



„We attach a lot of weight to food safety and our strategy for quality and safety in the first years of our company relied heavily on it. We wanted to convince our employees and, above all, our clients that Farm Frites Poland SA was able to establish and maintain high hygiene standards for potato processing industry. At the very beginning, due to poor access to information regarding quality standards applied, in particular, in food industry, our procedures were

based on our own experience. So, our Food Safety Management System developed in accordance with GMP and GHP (Good Manufacturing Practice and Good Hygiene Practice) and based on risk analysis in line with 1994 Codex Alimentarius (food standards serving as a reference for international food trade) is a living and regularly reviewed programme. In addition, the programme is supported by 5S System. Finally, when managing quality, we follow the guidelines established by BS EN ISO22000:2005 System and HACCP (Hazard Analysis and Critical Control Point) System. Over the years, we have managed to build a solid Integrated Quality System which complies with applicable law and regulations, and meets international standards. Nowadays, our strategy for Integrated Business Management focuses on meeting our clients' expectations. Therefore, we are constantly developing our company by striving to make our processes better. About two years ago, we started to develop our production process and control improvement programme using such tools as Measurement System Assessment (MSA) and Statistical Process Control (SPC). And so, after twenty years on the market, we can say without hesitation that quality still constitutes the basis of success and good relations with clients for Farm Frites Poland.”

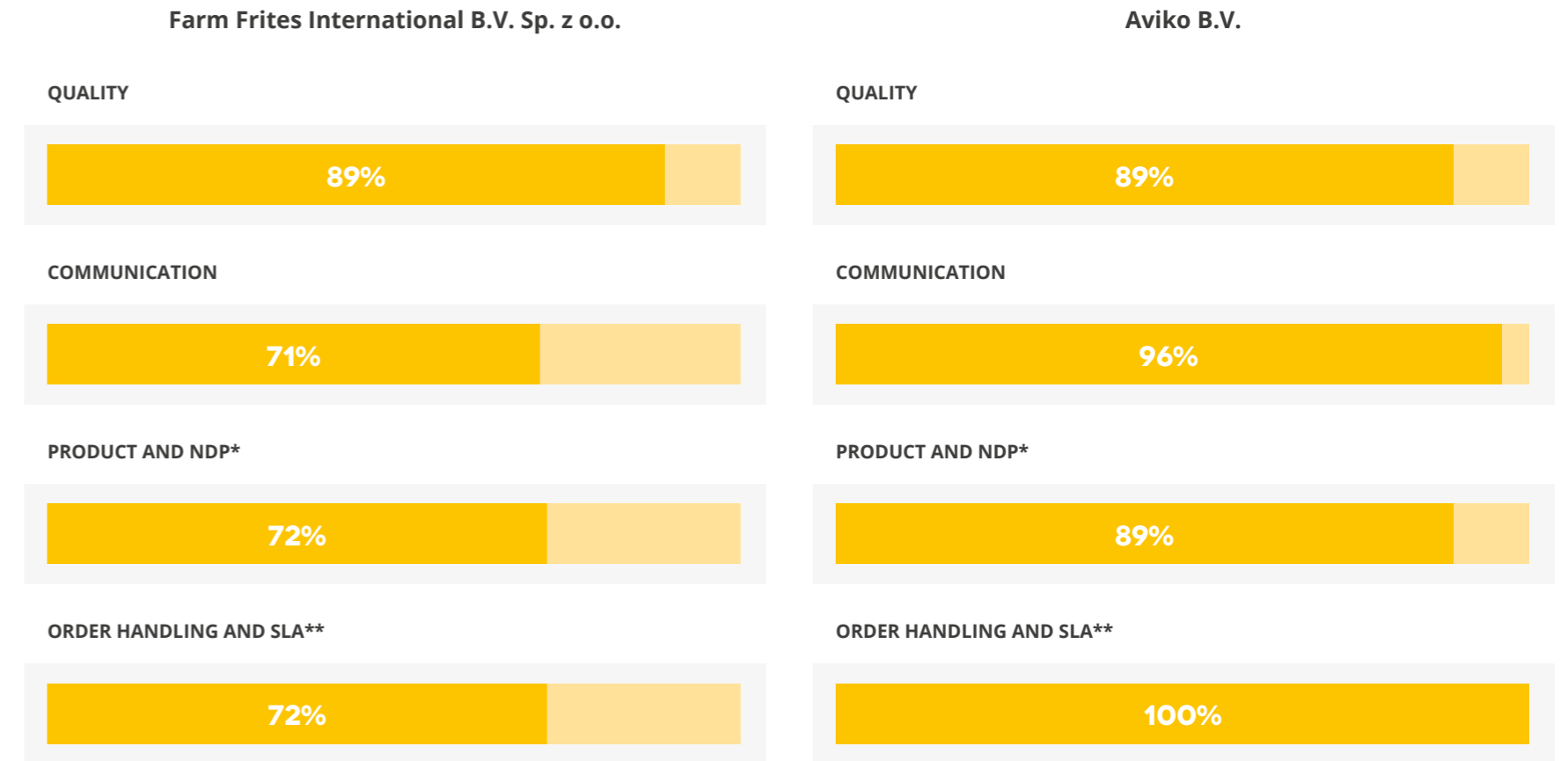
Malwina Piotrowska,
Quality Management Director



Our clients' satisfaction

We value good relations. Therefore, we spare no effort to make our clients satisfied with our cooperation. We regularly measure client satisfaction level to learn more about and meet our clients' expectations. This helps us to increase the satisfaction level. When evaluating our company, FFI and Aviko assess work of the whole Farm Frites Poland SA organisation and products from all of our three production lines, i.e. French fries, potato pancakes and potato flakes. On the other hand, McDonald's, our major purchaser of French fries, evaluates our cooperation using Supplier Performance Index (SPI) on an annual basis. Apart from SPI evaluation, McDonald's completes a client satisfaction questionnaire covering the following three areas: the supply chain, quality and logistics.

The opinions of our clients from 2012-2013 are shown below.



*NDP- New Product Development ** SLA- Service Level Agreement

SPI results (2010/2013)

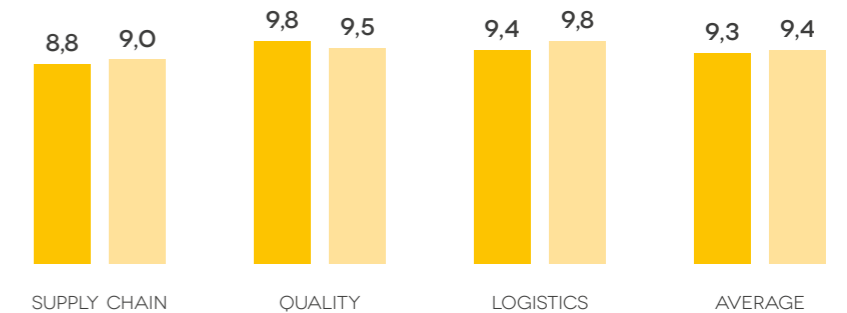


2010/11 2012/13

Results 0 - 100 pts

*60 - 79 pts - supplier demonstrating significant achievements

Satisfaction questionnaire



SUPPLY CHAIN QUALITY LOGISTICS AVERAGE

2012 2013 RESULTS: 0 - 10 PKT

Our suppliers

Potatoes are the major material used for production. We give a lot of weight to cooperation with our suppliers. We choose suppliers who are able to meet our standards. Therefore, we cooperate only with the best and trusted ones.

POTATOES



Our major supplier of potatoes is Farm Frites Poland Dwa (FFPD). The main objective of establishing our own agricultural company was production of high quality material for our plant. FFPD has been applying sustainable agriculture principles for many years now. Our farm is a member of Sustainable Agriculture Initiative Platform, an organisation which helps companies to grow crops sustainably. FFPD is the only farm in Poland to participate in McDonald's Europe Flagship Farms Programme. All companies participating in the programme must meet very strict requirements in the areas of good practices in respect of agrotechnology and sustainable agriculture. Achieving McDonald's Flagship Farm status is a huge success for the company and a proof that our potatoes rank amongst the best in Europe. The amount of potatoes produced by FFPD is insufficient to fully satisfy the plant's demand, which is over 200,000 tons per year. Therefore, we additionally order potatoes grown for us under contracts on 5,500ha spreading from the western border of Poland to Żuławy. In 2013, we cooperated with 59 farms, 28 of which are GlobalGAP certified. Any farm willing to attain Global GAP certification can count on FFP's support. The remaining potato producers comply with standards set out in our internal reference tool called FARMAAP. We also support our suppliers in implementation of the FARMAAP standard. FARMAAP is not certified.

More than 700ha of rape is grown on the fields belonging to FFPD. As one of the elements of sustainable agriculture project carried out by FFPD is bee protection, the management has decided to launch cooperation with Jan Króliszyn, a local apiarist and our retired employee, who has been dealing with the craft of beekeeping for many years. FFPD's role is in the first place to ensure that the good agricultural practices to be applied are bee-friendly, e.g. when planning plant protection methods. To find out more about Bee Friendly Project visit www.farm-frites-dwa.pl



Three areas of activity of FFP Dwa



Farming for Planet - soil, water, biodiversity, air, waste, waste management.



Farming for People - working conditions, trainings, local community.



Farming for Profit - sustainable management, safety and quality of raw material.

We regularly cooperate with and help our suppliers in such areas as:



AUDITS

- internal audits conducted in accordance with GAP (Good Agricultural Practice) standards based on GlobalGAP standard and FARMAAP, our own good agricultural practice programme developed by us specifically for potato suppliers. There were 28 such audits in 2013;
- external audits, supporting farmers in their preparations for an annual GlobalGAP certification by an independent certification body.



POTATO TESTING

- we have potatoes tested for pesticide residues, nitrates and heavy metals in accredited labs.



CONSULTATIONS

- we offer advice and organise a variety of training programmes such as, among others, sustainable agriculture training programmes.



FINANCIAL SUPPORT

- we provide to our suppliers financial support for certification process and analyses.

Quality and safety

Quality assurance

„At each stage of production, we follow our Quality and Safety Policy which constitutes the philosophy of our work. Our Integrated Quality Management System combines best food safety and product

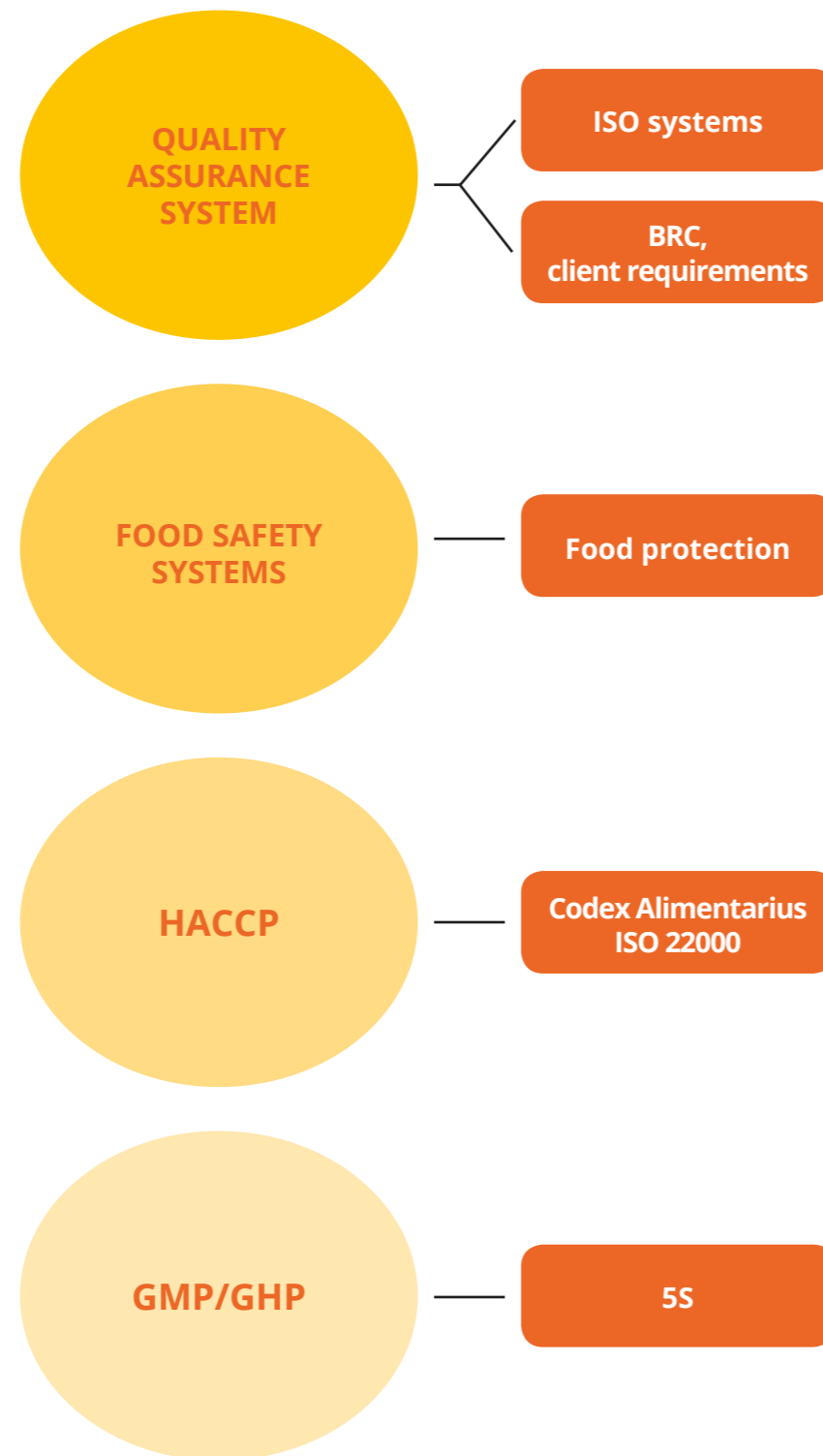


quality standards. By maintaining and meeting the standards, we can ensure that our clients receive food that comes up to their expectations.”

Małgorzata Koniuszy
Quality Assurance Manager

We respect our clients and adhere to the most demanding standards in the world, such as:

- » **SQMS** (Supplier Quality Management System). Maintaining the standard concerns companies which supply their products to McDonald’s restaurants. Meeting the standard is a guarantee that only safe and high quality products which satisfy legal and client requirements are supplied to McDonald’s restaurants at all times.
- » **The AIB International Consolidated Standards for Inspection.** An international standard which sets requirements for safe food production. In 2013, our new potato flake line was audited in accordance with the standard without prior notification. We were awarded 953 out of 1000 points. It is a very good result demonstrating our commitment to safe food production.
- » **Ikea IWAY Standard.** A minimum requirement in respect of environment, employee welfare and working conditions to be met when purchasing products, materials and services.



Quality Control



„Before being placed on the market, all our products are controlled by our qualified staff members, all of whom receive regular trainings. Knowing our clients’ requirements and specifications plays the key role in their work. There is a great variety of products competing on the market. What seems to be just potatoes cut in a variety of ways into matchsticks or

slices and subsequently adequately processed may be in fact described with the use of several dozens of parameters significant to a client and make a given product unique. In addition, the tool that is particularly valued here in FFP as far as product evaluation is concerned is elaborate sensory evaluation of our products.”

Joanna Dawidowska
Quality Control Manager

SENSORY EVALUATION

The taste and odour of our French fries is very important to us and our attitude is appreciated by our old clients. Our adventure with sensory evaluation started 10 years ago when, following a meeting with Ms Nina Baryłko-Pikielna, a guru in the field of sensory analysis, we began to put in order the information we had gathered so far and, most importantly, expand our knowledge in the field. Nowadays, we meet at professional sensory cubicles built in accordance with legal requirements. The cubicles are used for employee training, evaluation of new products or new additives for production.



SPC PROGRAMME

SPC (Statistical Process Control) Programme was implemented in 2012 in order to improve the quality of our products. The tool helps to monitor and control whether the process is predictable and stable. Such “tracking” ensures comfort to the staff who supervise the production as well as to our clients. The only condition is to guarantee reliability and repeatability of our analyses. This is why we regularly assess and evaluate our measurement systems in accordance with MSA (Measurement System Analysis) principles. As a result, we are certain that the quality of data which we analyse can be a solid basis for decisions we make.



WE TAKE CARE of the environment



Environmental impact management

We are aware that our company's operations affect the environment and looking after the environment is an integral element of our sustainability strategy. Our priorities together with the scope of our actions are specified in Farm Frites Poland SA Environmental Policy whereby we undertake to continuously improve our processes so as to reduce our company's impact on the environment. We want to meet our clients' expectations in an environmentally friendly way. We regularly monitor our impact on the environment in compliance with applicable law and internal requirements. The Environmental Management System implemented in FFP complies with ISO 14001-2004 international standard. Our current certificate was issued by Lloyd's Register Quality Assurance in May 2013. It will remain valid until 2016.



Water and wastewater management

„Water is not a commercial product like any other but, rather, a heritage which must be protected, defended and treated as such (...)”

from the Preamble to the EU Water Framework Directive

Water is indispensable for French fries production process. Its use is constantly monitored by us at each stage of production. Water for the purposes of the process comes from the municipal water supply system and our own groundwater intake. The amount of groundwater withdrawn from individual wells is monitored with water meters and its quantity is limited by permits issued in accordance with provisions of applicable water law. The increased water consumption in 2012-2013 resulted from a bigger volume of production.

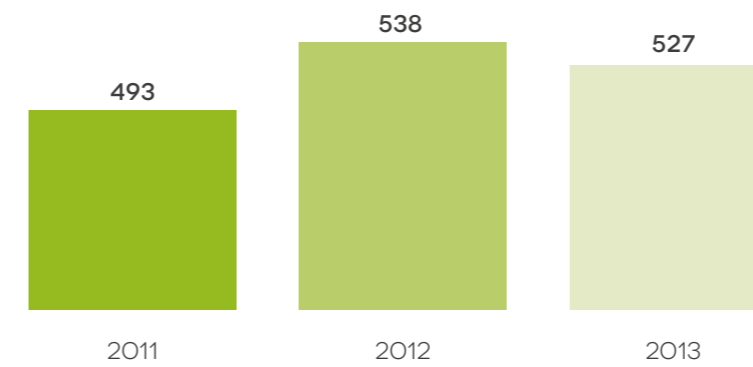


„There is no doubt that every production activity affects the natural environment. We use natural resources to produce our products. We consume water, produce waste and wastewater, and emit different substances into the atmosphere. This cannot be avoided. However, we can make efforts to minimise our impact on the environment as much as possible. We keep it in mind here in our plant every day.”

Wojciech Kiedrowicz,

Environmental & Sustainability Senior Manager

Total water used by FFP (in thousands of m³)

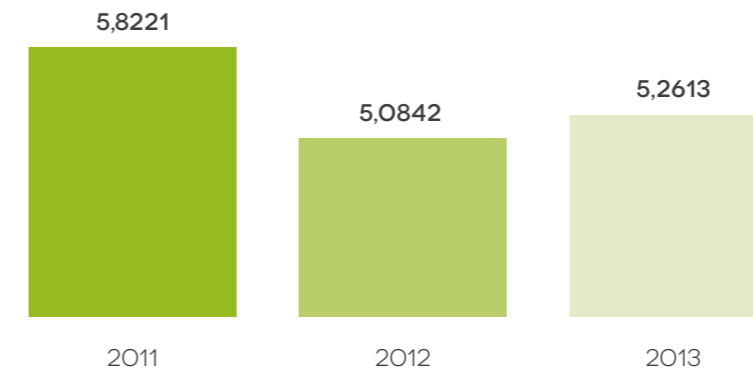


One of the most significant environmental indicators for Farm Frites Poland is the amount of water used per 1 kg of finished product. We spare no effort to improve our plant's water management and make it more environment-friendly. Therefore, we constantly strive to find new water treatment and water recovery solutions. Our company has its own two-stage wastewater treatment system.

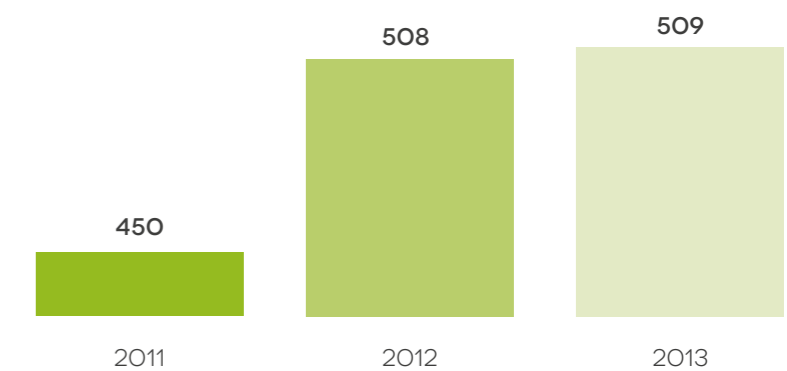


Our modern anaerobic system is utilised to reduce high concentrations of biodegradable matter in process wastewater with 90% efficiency. The biogas produced in the anaerobic process is purified and subsequently burnt in a cogeneration unit to generate electricity and heat. All of this green energy is used for the purposes of the plant. After pretreatment, all wastewater is discharged to Lębork Municipal Wastewater Treatment Plant.

Water usage on a per-unit basis (in litres per 1kg of finished product)



Volume of wastewater discharged (in thousands of m³)



OUR LONG-TERM GOAL - WATER USE REDUCTION

We plan to reduce our per-unit water use for 1 kg of finished product by 10%, at a minimum, by 2020. A point of reference adopted by us is the 2012 consumption level, which, on a per-unit basis, was 5.0842 litres per 1kg of finished product.

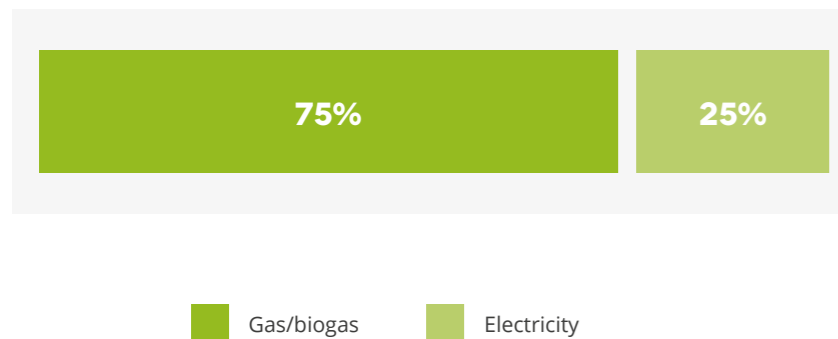
Energy use management

„Globally, over 86% of energy comes from non-renewable energy sources such as fossil fuels.“

International Energy Agency – 2000

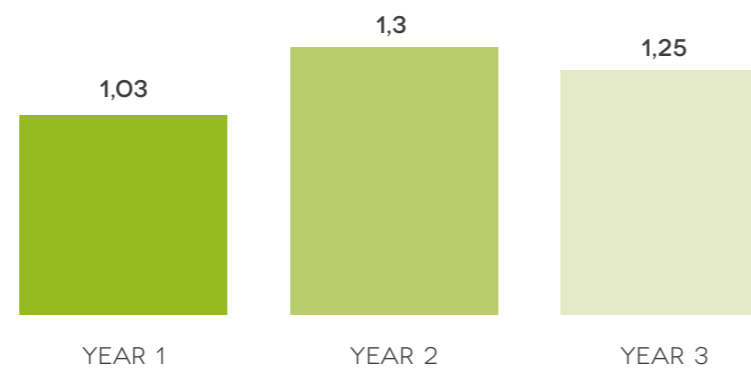
Significant amounts of electricity and fuels are used during production of French fries or potato flakes. Natural gas, which is considered a more eco-friendly fossil fuel, constitutes over 70% of total energy consumption in our company.

Energy consumption by type in 2013

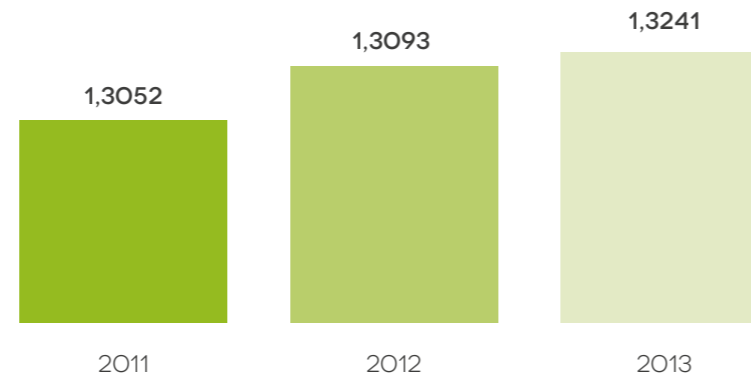


In September 2010, a system for recovery of energy from fryer vapour was launched. The block chart demonstrates how the system has performed. The energy saved only in the first year of operation was equivalent to 1 million m³ of gas.

Amount of gas saved in the heat recovery system (in millions of m³)



Energy consumption on a per-unit basis (in kWh/1kg of finished product)



The increase of consumption on a per-unit basis in 2012-2013 resulted from a bigger proportion of potato flakes in the total volume of production. To produce one ton of potato flakes, three times more energy is needed than for production of one ton of French fries.

OUR LONG-TERM GOAL - ENERGY CONSUMPTION REDUCTION

We plan to reduce our per-unit energy consumption for 1 kg of finished product by 5%, at a minimum, by 2020. A point of reference adopted by us is the 2012 consumption level, which, on a per-unit basis, was 1.3093kWh per 1kg of finished product.

Emissions and their reduction

„The amount of carbon dioxide in the atmosphere has risen from 0.03% to nearly 0.04% since the beginning of industrial revolution and keeps growing faster and faster. The CO₂ concentration in the atmosphere has increased from 315 ppmv to 385 ppmv since late 1950s and keeps growing faster and faster as well. The global temperature has risen by 0.7-0.8 degrees over the last century. A particularly rapid increase has been observed over the past twenty years“.

Source: www.ZiemianaRozdrozu.pl

Emission of such contaminants as sulphur oxides (SO_x), nitrogen oxides (NO_x), carbon monoxide, particulate matter PM10 and other substances deplete ozone layer. We check our emissions of these substances twice a year. Greenhouse gas emissions are considered the most likely cause of global climate changes. We regularly determine our company's carbon footprint and in order to do so, we use Bilan Carbone Spreadsheet ver. 4.0 developed by Ademe Institute.

	2011	2012	2011 vs 2012
Scope 1.			
Direct emissions	Total	Total	Increase
(gas burnt in boilers and fuel used in company cars)	19 319 tons of CO ₂	24 976 tons of CO ₂	by 8kg of CO ₂ per 1 ton of product
	Average	Average	
	228 kg of CO ₂ /t	236 kg of CO ₂ /t	
Scope 2.			
Indirect emissions	Total	Total	Decrease
(related to buying electrical energy and process wastewater)	19 637 tons of CO ₂	22 279 ton of CO ₂	by 20kg of CO ₂ per 1 ton of product
	Average	Average	
	231 kg of CO ₂ /t	211 kg of CO ₂ /t	

OUR LONG-TERM GOAL TO INCREASE RENEWABLE ENERGY SHARE IN OUR TOTAL ENERGY CONSUMPTION

We plan to increase the renewable energy share in our total energy consumption up to 10%, at a minimum, by 2020. This share was 3.3% in 2012. The renewable energy used by our company is the energy generated during cogeneration process and “green” energy purchased from a local operator.



Waste management

„In order to break the link between economic growth and waste generation, the European Union establishes the legislative framework for controlling the whole life-cycle of waste, from the generation to disposal of waste, focusing on waste recovery and recycling.“

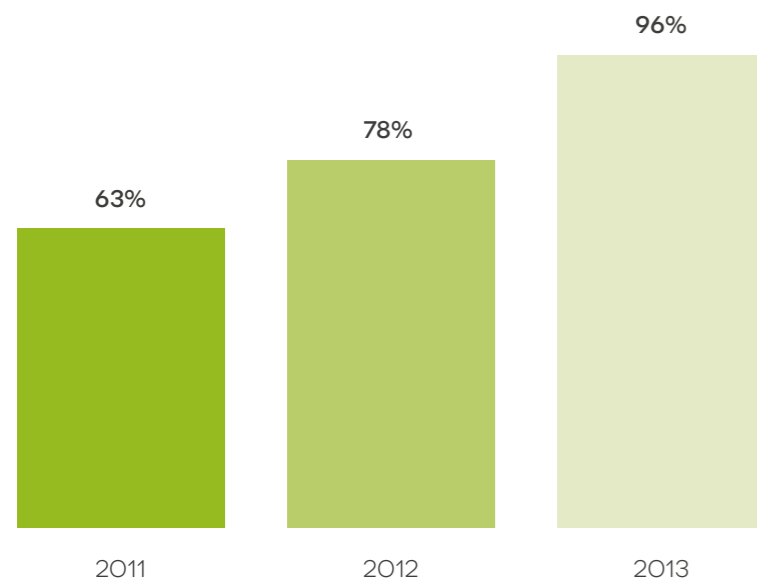
Waste Framework Directive of 2008

Waste management in Farm Frites Poland SA has greatly changed over the past few years. Our activities produce waste deemed hazardous as well as waste other than hazardous. Due to changes introduced in our waste management system in 2012-2013, our process waste recycling indicator has increased significantly. In 2013, it exceeded 95% for the first time.

OUR LONG-TERM GOAL - NO WASTE TAKEN TO A DUMP

We plan to recycle all waste generated by our plant in the production process by 2020 and consequently have no process waste to be taken to a local dump. Our recycling indicator was over 77% in 2012.

Percentage of waste recycled in 2011-2013



Building environmental awareness

We believe that only aware and well-informed employees can guarantee a success in reducing the impact our operations have on the environment. Therefore, we popularise and promote environmental knowledge amongst our staff members and business partners. In 2011, we started publishing our company magazine "What's up on the Green Side?" which discusses environmental issues. In 2013, two issues of the magazine were released. The summer edition was concerned with "waste revolution" which introduced changes in approach to waste management in Poland as of 1st July 2013.

We organised two workshops for the managerial staff of our plant in 2012-2013. During the workshops, they got acquainted with

expectations of our major client, McDonald's, and their vision of supply chain sustainability.

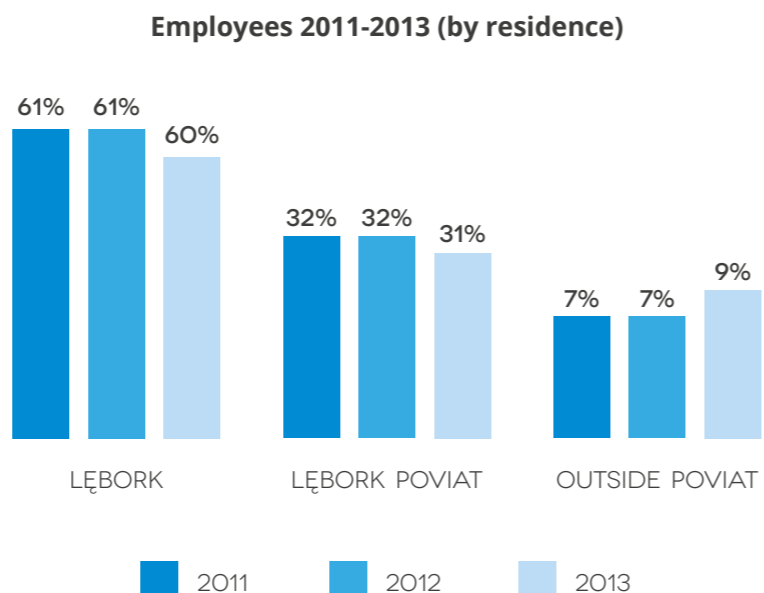


COMMUNITY Involvement



We employ local people and support locally-based entrepreneurs

Our major contribution to the economic and social development of the region is local employment. Most of our employees live in Lębork or Lębork Poviát - they are 90% of our staff.



In addition to employing local people, we use the services of locally-based subcontractors and suppliers. We believe in long-term business relationships and count on mutual trust. We have been cooperating with many of the firms for more than ten, or even twenty, years.

In 2013:

- more than 75% of potato suppliers were from Pomorskie Voivodeship,
- we cooperated with about 200 locally-based subcontractors, service providers and spare part suppliers.



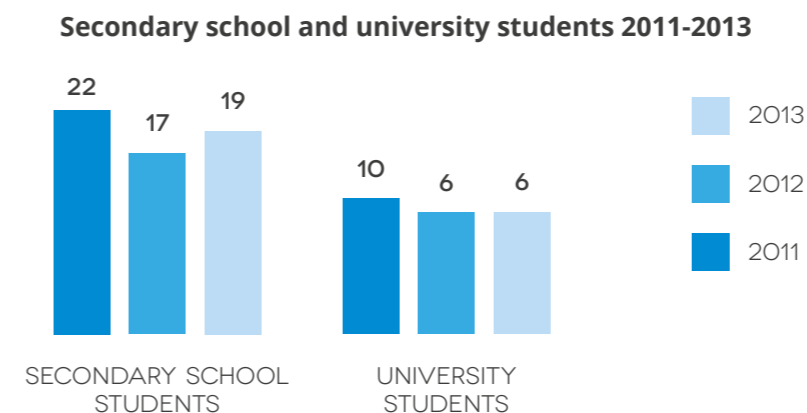
„We are aware of economic, environmental and social influence we have on our neighbours, i.e. the communities near our company: the residents, local authorities, companies and NGOs. We have attached a lot of weight to responsible and effective cooperation with local communities and maintaining

good neighbourhood relationships from the very beginning back in mid 1990s. We have established Corporate Community Involvement Policy which defines our priorities and scope of activities for the benefit of local community.”

Katarzyna Majchrzak
HR Specialist

We support pupils and students in their education

We offer free work placements for Lębork secondary school students and university students coming from our region. Most of them are students of secondary technical schools of food technology and economy or university students pursuing their degree in the fields of biotechnology, chemistry and mechanical engineering. While on their work placement, they are in the first place familiarised with the specificity of work in production and quality control departments.



We teach how to take care of the environment

We believe that the best way to learn how to take care of the environment is active involvement in its protection. We are convinced that actions speak louder than words. Therefore, we initiate and promote in the local community activities and campaigns whose aim is to protect the environment through actions.

SWAP WASTEPAPER FOR A TREE

In 2013, we supported, for the first time, a campaign organised by “Dziennik Bałtycki”. The basic idea was that anyone who brought five kilograms of wastepaper or old books got a tree sapling or flowers to plant. During the campaign, more than 10,000 kilograms of wastepaper were collected and 1,700 plants were handed out in Lębork only.

PLANTING TREES

A tree-planting campaign with the participation of our employees and their families was started in 2011. In 2013, we invited Lębork scout troop to join us for the first time. Thanks to their help we managed to plant nearly 3000 saplings- twice as many as in the two preceding years. We planted 7,500 trees in total in 2011-2014 and we are going to plant 20,000 trees by 2020.



NO WASTE DAY

The initiator of the national No Waste Day campaign is Organizacja Odzysku Rekolpol. We cooperate with the company in the area of recycling. They prepare an e-card promoting environmentally-friendly behaviours every year. We regularly engage in the campaign by sending the card to our employees and companies and institutions cooperating with us. In addition, we organised Anyone Can Segregate Waste art competition within the frames of the campaign in 2011. In 2013, we invited our staff members' children and children from a nursery school in Krępa Kaszubska to take part in another art competition called Leave no Traces Behind You. There were 17 competition entries and the jury decided to award all of them.



We help people in need

We have been a member of the local community for 20 years and have never been indifferent to the needs of the sick, the poor, children and young people related to health, sport and education.

WE SUPPORT THE SICK AND THE DISABLED

We treat the needs of the sick and the disabled with understanding and empathy. Especially, when those in need are children. According to our company rules, any funds for their treatment can be provided only through foundations which take care of them. In 2013, we provided such support to two children.

Thanks to our support We Are Together Children's Rehabilitation Centre was opened in 2004. Our company provides patronage for the Centre and pays partially for the work of the Centre's physiotherapist. More than 20 disabled children are helped by a psychologist and physiotherapist every day.



WE SUPPORT THE POOR

We donate potatoes, French fries and potato pancakes to local children's homes and social services centres. We help poor and large families within the frames of Christmas Parcel Campaign.

WE SUPPORT ORGANISATION OF SCHOOL AND CULTURAL EVENTS

We willingly share our products and donate them to schools, nursery schools, parishes, societies, self-government institutions so as to help them organise different events for pupils, students and residents.

PRODUCTS DONATED BY OUR COMPANY FOR THE PURPOSES OF SOCIAL SERVICES AND ORGANISATION OF EVENTS:

2011- 19,500 kg

2012- 47,000 kg

2013- 39,000 kg

WE SUPPORT SPORT AND PHYSICAL ACTIVITY

We realise how important physical activity is for children and young people's health as well as wellbeing and health of adults. We are also aware that lack of money is a huge problem in the area. In 2012-2013, we sponsored a local shooting club, the Eco-friendly Marathon-Memorial to Tomasz Hopfer, junior karate club, junior football team, and horse riding classes.

WE PROMOTE PROPHYLAXIS

On the initiative of our company, Ronald McDonald's Ambulance was invited to Łęborg in 2013. It travels throughout Poland within the frames of No to Children's Cancer Campaign. Children aged 9 months - 6 years are given ultrasound exams by doctors travelling on the ambulance. The ambulance will come to Łęborg in October 2014 and our company will cover the costs of the scans.

We support blood donation. In 2013, we helped Cruiseriders Motorcycling Club to organise the 2013 Motoheart Campaign in Kościerzyna. The campaign is conducted in many towns in Poland. 2,000 litres of blood in total were collected in 2013.

WE INVOLVE OUR EMPLOYEES IN HELPING OUR NEIGHBOURS

We encourage our employees to charitable acts for the benefit of poor families and sick children. We organise two campaigns annually and all our employees are invited to join in.

Charity Auction and Lottery for Sick Children- organised since 2007

Our employees buy lottery tickets and win attractive prizes funded by our company. The proceeds are used for some specific purpose. The money collected in 2011 was spent to fulfil the dreams of Nikodem and Michał from I Have a Dream Foundation. In 2012, we fulfilled the dreams of Łukasz and Kacper. All of the 2013 proceeds were donated for treatment of Franek suffering from mucoviscidosis.

Christmas Parcel – organised since 2009

By joining this campaign, our employees have an opportunity to support single-parent families. The employees themselves indicate the families needing help. We contact the families to find out about their needs. Then, we organise collection of necessary things which are subsequently delivered by us to the families. We helped one family in 2011, three families in 2012 and two other families in 2013. We donated more than several hundred kilograms of food, cleaning products, school equipment, toys and clothes within the frames of this campaign over the three years.

1 Percent Campaign

Every year, we conduct an information campaign encouraging our employees to donate 1 percent of their tax for a specific purpose and help local people in need by indicating a public benefit organisation which should receive this 1 percent.

E.C. Lehmann-Bärenklau, President & CEO, and Grażyna Nowak-Połomska, Company Development & McDonald's Business Unit Director, are members of the Ronald McDonald's Foundation Council in Poland which, being a part of Ronald McDonald's House Charities, supports programmes directly improving the health and wellbeing of children in Poland. FFP attends annual auctions of pictures drawn or painted by little patients of Warsaw Hospital in Litewska Street. Our company has also declared support in furnishing one of the rooms in Ronald McDonald's House which will be built near Children's University Hospital in Kraków-Prokocim. The House will serve as a hotel for parents of children who undergo treatment in the cancer hospital.



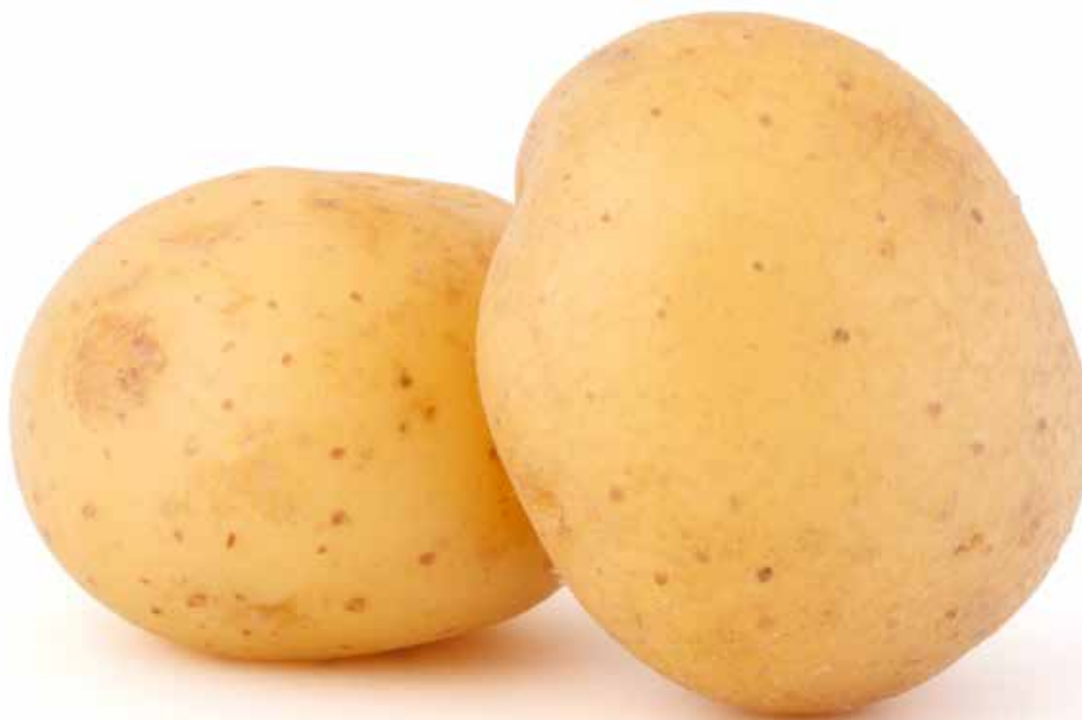
GRI indicators

Indicator	Page(s) in the Report	Notes/Part
1.1 Statement of the most senior decision-maker of the organisation about the relevance of sustainability to the organisation and its strategy.	3	Letter of the President of the Management Board
2.1 Name of the organisation	1	About this Report
2.2 Primary brands, products and/or services	5, 16	
2.3 Operational structure of the organisation (main departments, associated entities)	7	
2.4 Location of the organisation's headquarters	1	About this Report
2.5 Number of countries where the organisation operates, and names of countries with major operations of the organisation	5	Our company's Profile
2.6 Nature of ownership and legal form of the organisation	5	Our company's Profile
2.7 Target customers and key stakeholders	8	
2.8 Scale of reporting organisation (including number of employees, net sales)	8, 12	
2.9 Significant changes during the reporting period (structure, nature of ownership)	No significant changes	
2.10 Awards received in the reporting period	6	

Indicator	Page(s) in the Report	Notes/Part
3.1 Reporting period	1	
3.2 Date of most recent previous report	This is the first report by FFP	
3.3 Reporting cycle	1	
3.4 Contact point	1	
3.5 Process for defining report content (determining materiality, prioritising topics within the report, and identifying stakeholders the organisation expects to use the report)	3	
3.6 Boundary of the report	1	
3.7 Statement on any specific limitations on the scope or boundary of the report	Not applicable	
3.8 Reporting on joint ventures, subsidiaries that can significantly affect comparability from period to period and/or between organisations	Not applicable	
3.10 Explanation of any re-statements of information provided in previous reports	Not applicable	
3.11 Significant changes from previous reporting period	Not applicable	

Indicator	Page(s) in the Report	Notes/Part
4.1 Governance structure of the organisation	8	Our company's Management
4.2 Indicating whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organisation's management)	8	Our company's Management
4.3 Number and gender of members of the highest governance body that are independent and/or non-executive members	8	Our company's Management
4.4 Mechanism for shareholders and employees to provide recommendations or direction to the highest governance body	8	Our company's Management
4.14 List of stakeholders engaged by the organisation	8	Our Stakeholders
4.15 Basis for identification and selection of stakeholders with whom to engage	8	Our Stakeholders
ECONOMIC		
EC1 Direct economic value generated and distributed, including revenues, operating costs, etc.	8	Financial Information
PRODUCT RESPONSIBILITY		
PR5 – Practices related to client satisfaction, including results of surveys measuring client satisfaction	16-21	

Indicator	Page(s) in the Report	Notes/Part
LABOUR PRACTICES AND DECENT WORK		
LA1 - Total workforce by employment type, employment contract and region	12, 28 - 29	
LA 13 - Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	8	Our company's Management
ENVIRONMENTAL		
EN 1 - Materials used (potatoes)	18	
EN 3 - Direct energy consumption (burning gas)	24	
EN 4 - Indirect energy consumption (electricity)	24	
EN 6 - Initiatives based on renewable energy	23	
EN 7 - Initiatives to reduce indirect energy consumption	24	
EN 8 - Total water withdrawal	23	
EN 16 - Total direct and indirect greenhouse gas emissions	25	
SOCIETY		
SO 4 – Actions taken in response to incidents of corruption	No incidents of corruption were identified	
SO 6 – Total value of financial and in-kind contributions to political parties, politicians and related contributions by country	No such contributions- the value is 0	
SO 9 – Operations with significant potential or actual negative impact on local communities	No such operations were identified	



WE INVITE YOU TO

www.ffp.pl