

Loacker, pure
goodness!

20



Loacker

At a glance

Sustainability at Loacker

The Loacker Sustainability Strategy is based on our corporate values, and it is enshrined in the Mission and Vision, the Mission Statement, the Genetic Code and in our business policies. Our quality and sustainability policy firmly establishes sustainable management along the entire value chain. We maintain a balance between environmental, economic and social responsibility.

Environmental protection and responsible use of resources

We avoid negative environmental effects as much as possible and make the manufacturing process extremely resource-efficient. Our production sites are reviewed annually in accordance with the international environmental management standard ISO 14001. The electricity we use is 100% green. In the last 5 years we were able to save 2,4 mio. litres of heating oil which corresponds to 7500 tons of CO2 emissions due to the use of heat recovery systems.

Product quality with responsibility

We place the highest demands on our product quality, which we systematically monitor from the outset in accordance with international standards. 99.82% of Loacker products are certified to the international Food Standard. Thereby we guarantee the highest possible product safety. Our raw materials are natural and unadulterated, are carefully processed and we strive to buy regional products. We maintain fair and long-term partnerships with our suppliers.

Commitment to employees and society

Our employees are crucial to the positive development of our company. We support the professional and personal development of our employees on many levels, treat each other with respect and appreciation and see diversity as an enrichment. As a family-owned business we are fully committed to the places where our company sites are located and get involved in the local social and cultural life.

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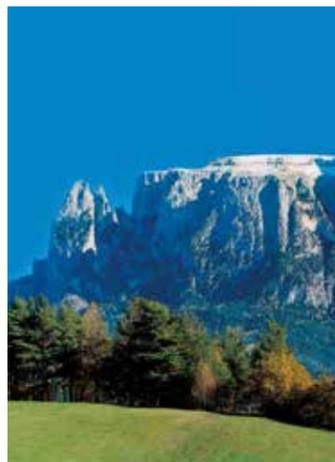
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Dear Readers,



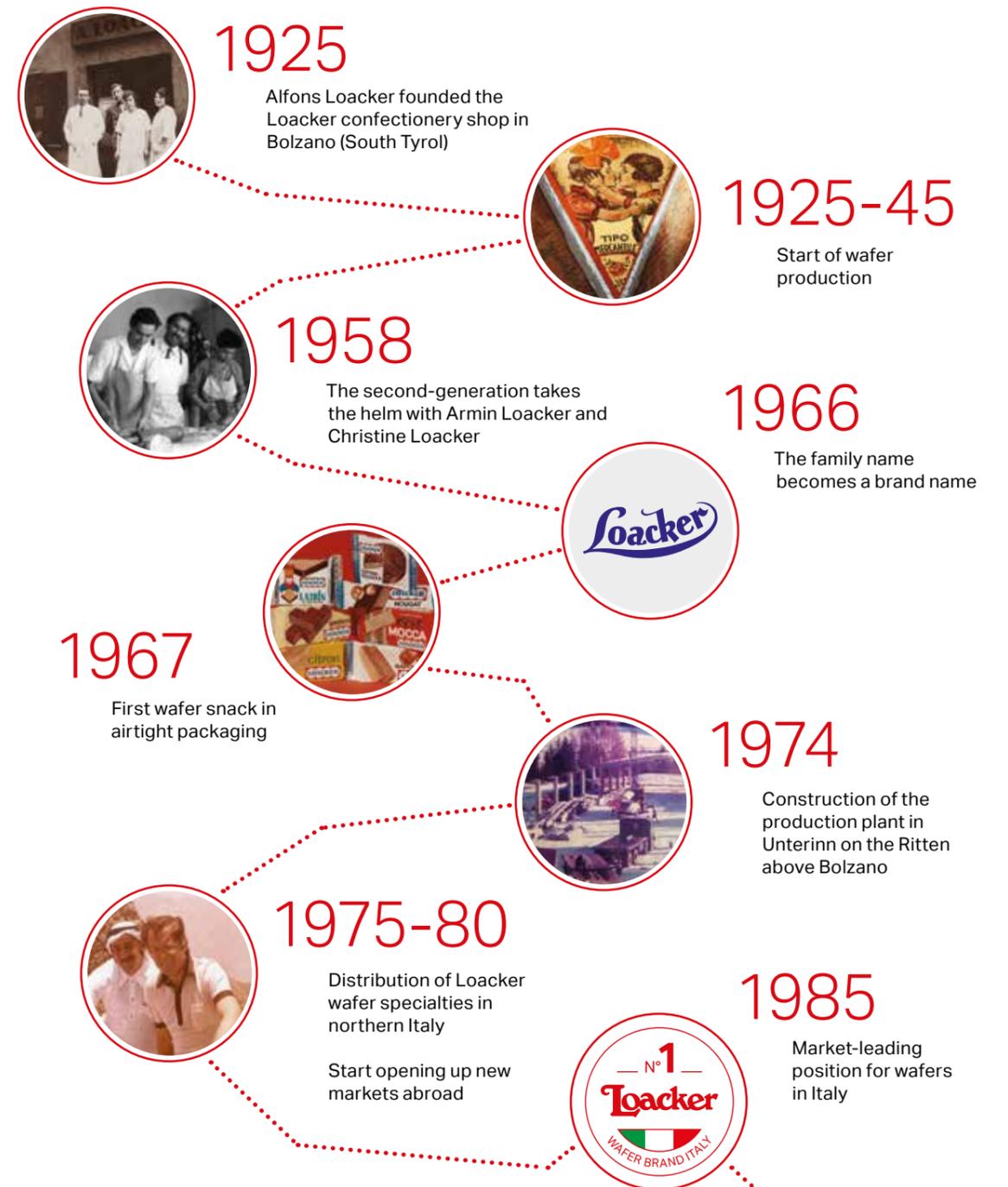
in over 90 years of corporate history, we have grown from a small pastry shop in Bolzano (South Tyrol) to an international brand and company that exports its high-quality wafers and chocolate specialties to over one hundred countries. We have remained a family-run business that continues to hold the same values. Fair cooperation, responsibility and respect for the environment, highest product quality, careful use of resources, as well as deciding and acting independently, are vital for us. Well before concepts such as energy efficiency and resource savings established themselves, we were recycling the waste heat from our ovens at our first production site as early as the 1970s to use it elsewhere. And long-term, cooperative and respectful relationships were always more important to us than mere economic success. Nowadays, our pursuit of sustainability is no longer just an informal affair, but it is officially enshrined in the Mission and Vision, the Mission Statement and in the various business policies of our

company. In order to guarantee the environmentally friendly production of our high-quality products we have introduced an integrated management system that systematically monitors and checks, among other things, quality, environmental protection and occupational safety. Our aim is to combine sustainable activity with corporate responsibility in a meaningful way. We want to guarantee our high product quality, while at the same time take on environmental and social responsibility and ensure the long-term existence of our family business through controlled growth. We want to and must strike a balance between these demands. Especially the procurement of high-quality raw materials, the efficient use of resources and the development of our employees are priorities for our current and future activities. Sustainable corporate management is always a medium-to long-term process continuously faced with new challenges, but it also offers us many opportunities for development. As a traditional family business, we are particularly

keen to hand down to the next generation an environment that is healthy and worth living in and a business that has a future. In this Locker Sustainability Report, we provide transparent insight to our thoughts and actions, as well as to our products and their production. We explain how we interact with our partners, employees and our social environment. We show what measures we have taken to protect the environment and in what areas we want to implement further measures. We cordially invite you to accompany us on this journey.

The Locker family and the Zuenelli family

The history of the family-owned Locker company





1996

Implementation of ISO 9001 Quality Management System

The family tradition was handed over to Alfons grandchildren Ulrich, Andreas and Martin



1999

Construction of plant in Heinfels/East Tyrol (Austria)



2018

Award "Product of the year" Locker chocolate bars



2017

Award "Product of the year" Locker Cacao & Milk



2016

Locker becomes nr. 1 wafer producer worldwide

"Sweetie Award" for Locker Gran Pasticceria

Randstad Award as the most attractive employer in North-East Italy



2015

Presentation of the Randstad Award Italy, Northeast Region for "most attractive employer"



2001

Implementation of ISO 14001 Environmental Management System

2003

Candy Kettle Award Confectionery Oscar awarded to Armin Locker



2007

Sweets Global Award

Expansion of the production facilities (upper floors) in Heinfels

Opening of the first Locker Café



2014

Opening of the Pastry Workshop in the Heinfels World of Goodness

The Locker chocolate bar is launched on the market

Award "Sapore dell'anno" for Locker Classic wafers



2013

Opening of the first Locker BrandStore franchise in Trieste

Development of a systematic sustainability strategy

Award "Sapore dell'anno" for chocolate snack bars Choco&



2010

Opening of the Locker World of Goodness in Heinfels

Plant expansion at the production site in Unterinn/South Tyrol

Christine Zuenelli-Locker receives the merit award of the province of Tyrol „Great Order of the Tyrolean Eagle in Gold“



2011

Completion of the plant expansion in Unterinn

South Tyrol Export Category Award

Implementation of the Integrated Management System IMS



2012

Locker Rose of the Dolomites launched on the market

Award "Sapore dell'anno" for Locker Classic wafers

„We are convinced that high-quality products and services, as well as environmental protection and compliance with social and ethical principles and economic success are goals that should never conflict with one another, be it today or in future generations. They are important components towards ensuring the independence and long-term existence of the company. Sustainability means maintaining a holistic balance between core business issues, like quality and economic success, and social, ethical and environmental responsibility. In this sense, sustainability is understood as a justification as well as the driving and defining force behind the healthy growth of our company. „

(Excerpt from the Loacker quality and sustainability policy)

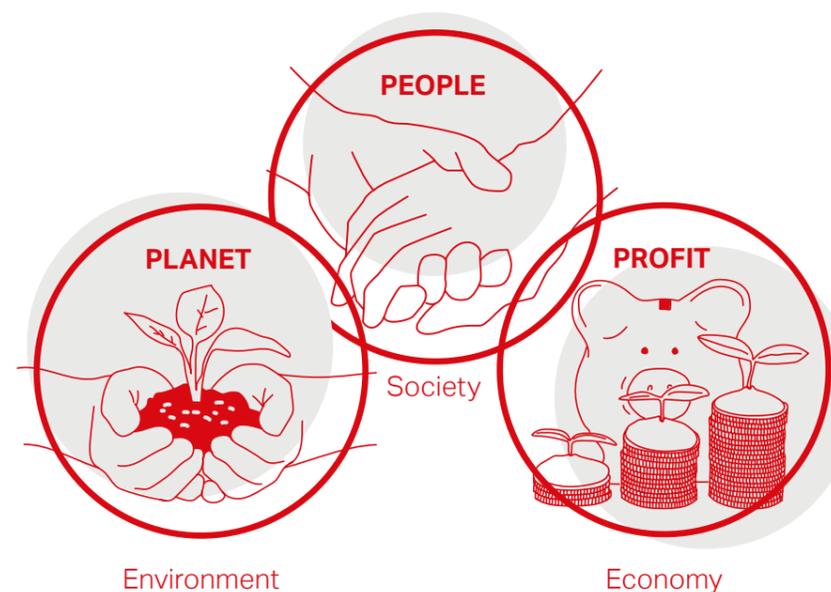
Nachhaltigkeit im Unternehmen

Environment, economy, society: the big picture

Thinking and acting sustainably has always been second nature to the Loacker family - efficient use of resources, environmental responsibility and respect for employee welfare. Respect for the environment, high product quality and fair management are among the most fundamental beliefs of the family. So as early as the 1970s, soon after the opening of the plant in Unterinn, the waste heat of the ovens was reused, at a time when energy efficiency and sustainability were still alien concepts. A shuttle service and a cafeteria were set up for employees. The cafeteria made use of the vegetables grown in the garden in front of the production site.

New strategies for new challenges

Now more than ever, sustainable business is indispensable. Globalised markets, the limited availability of high-quality raw materials, price fluctuations and supply shortages when purchasing raw materials, rising energy costs and the lack of qualified professionals are the biggest challenges, which we have to face with new strategies. This led us to implement a system of sustainable behaviour within the company and to steer it along standardised paths. As a food producer, we bear a special responsibility for people and the environment. We are convinced that thinking, acting and managing in a sustainable fashion pays off in the long term.



The Locker sustainability strategy is based on our corporate values, and it is enshrined in the Mission and Vision, the Core Values, the Genetic Code and in our business policies. Our quality and sustainability policy prescribes sustainable management in all business areas.

Achieving balance

Sustainability along the entire value chain

Sustainable development is not confined to protecting the environment. Economics, the environment and social responsibility go hand in hand, creating mutual benefits. We aim to combine sustainability with corporate responsibility. A balance must be struck between ensuring high product quality, environmental protection, social responsibility and securing the long-term existence of our family business through controlled growth and efficient cost control. Therefore, we integrated sustainable practices along the entire value chain.

- We ensure high product quality by using natural unadulterated raw materials and carrying out strict safety checks.
- In the procurement of raw materials, we observe the guidelines of our quality and sustainability policy.
- Intensive research and development allows us to strengthen our position and further expand in our core markets.
- Throughout the production process we aim to save resources, keep the environmental impact low and to work cost-effectively. To this end, we have implemented an internationally recognised environmental management system.
- We engage in fair competitive behaviour with regard to our customers and business partners, and we attach importance to maintaining long-term business relationships.
- As members of society, we support it via targeted sponsorships.
- We provide a work environment in which action can be taken autonomously, and we support the personal and professional development of our employees because they are crucial in determining how sustainable and fit we are for the future as a company.



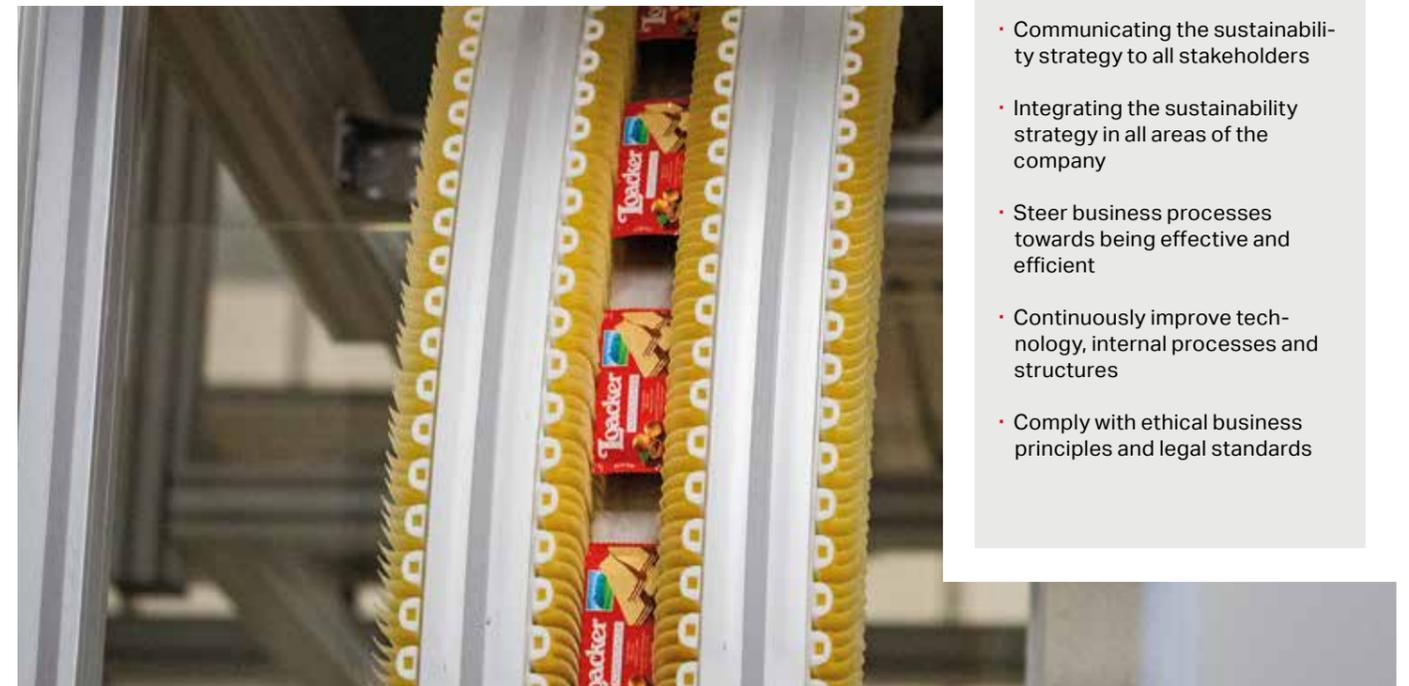
Thinking and acting comprehensively

Objectives and areas of action of the Locker sustainability strategy

Sustainability is comprehensive and complex. Our commitment to sustainability is reflected in the following strategic objectives in four areas:

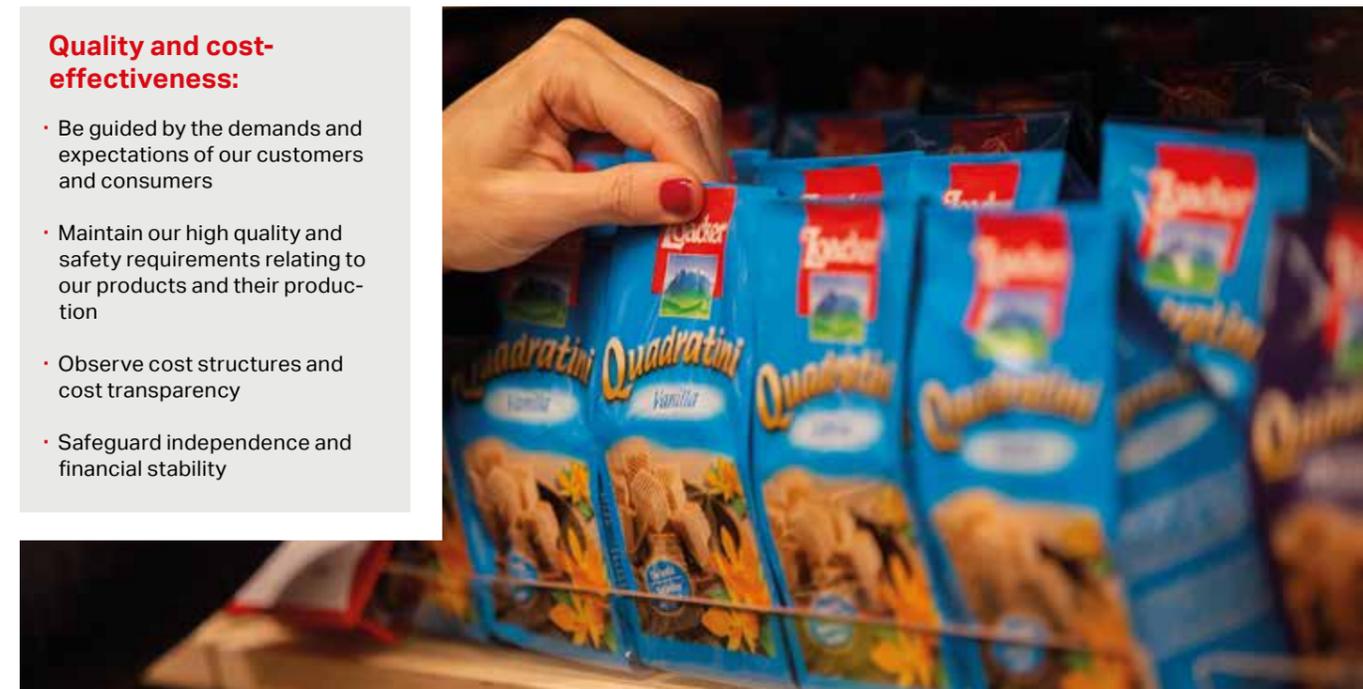
Governance and corporate culture:

- Communicating the sustainability strategy to all stakeholders
- Integrating the sustainability strategy in all areas of the company
- Steer business processes towards being effective and efficient
- Continuously improve technology, internal processes and structures
- Comply with ethical business principles and legal standards



Quality and cost-effectiveness:

- Be guided by the demands and expectations of our customers and consumers
- Maintain our high quality and safety requirements relating to our products and their production
- Observe cost structures and cost transparency
- Safeguard independence and financial stability





Resource efficiency and environmental protection:

- Take measures to promote resource-efficient production processes
- Environmental protection at the production sites
- Avoid CO2 emissions in transport and logistics
- Responsible procurement and use of raw materials
- Avoid packaging materials and waste

- Employees and society:**
- Preventive health measures and occupational safety
 - Promote personal and professional development
 - Promote diversity and equal opportunities
 - Maintain and further develop fair relationships with customers and suppliers
 - Commitment to society



The Loacker sustainability strategy step by step

2 Renew and develop frameworks Include important reference groups and stakeholders

- Define the Loacker sustainability strategy and integrate it into Loacker's Mission, Vision and Core Values
- Define strategic objectives for the key issues that were identified and draft the Loacker sustainability policy
- Identify key stakeholder groups and interview them about Loacker's Mission Statement and sustainability among other things

4 Implement the established commitments

- Develop a plan for communication
- Raise awareness among employees
- Develop a code of conduct for employees and stakeholders

6 Further development and updates of the sustainability report

1 Checking the actual situation Promoting awareness

- Carry out a materiality/risk/life-cycle analysis to identify key issues
- Collect and discuss experiences, measures that work and do not work, visions and further measures

3 Establish concrete and measurable goals Develop a sustainability roadmap

- Revise the organisational chart for responsibilities and assess the priorities and responsibilities
- Create working groups for key topics
- Identify initial targets, metrics and measures
- Create a sustainability roadmap and coordinated actions

5 Introduce an (internal) verification process Compile the Sustainability Report

- Identify the initial key metrics and develop an information network
- Compile the initial Sustainability Report
- Further anchoring within the company

We take things seriously

Our path to systematic sustainability

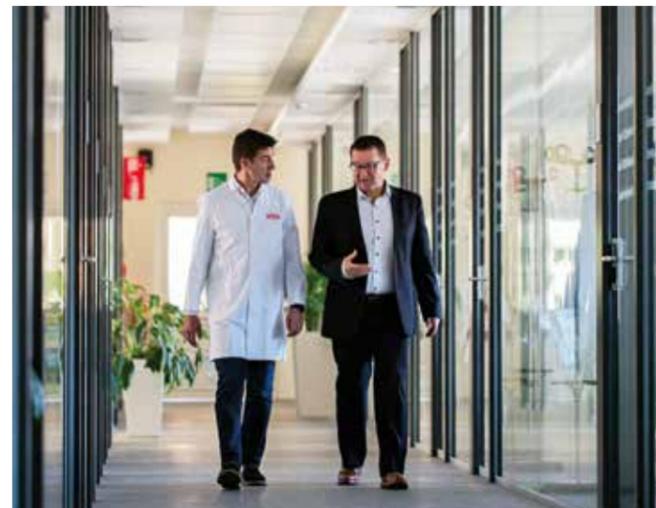
In March 2013, we began to implement a systematic approach to sustainability, which up to that point had been pursued in a more informal fashion. A project team was set up, consisting of eight members coming from the business divisions development, production, marketing, distribution, administration, supply chain management & controlling, culture, organisational and employee development, as well as the person responsible for the Integrated Management System. Together with an external consultancy, we began to create a standardised framework to achieve our goal of greater sustainability. To this end, we set up working groups with employees from different departments who came together in workshops to establish and analyse the actual state of affairs. Which sustainable measures are we implementing already? What more do we want to achieve? What are our objectives, and what steps are necessary to achieve them? Which areas of activity are particularly important for us?

In dialogue with our stakeholders

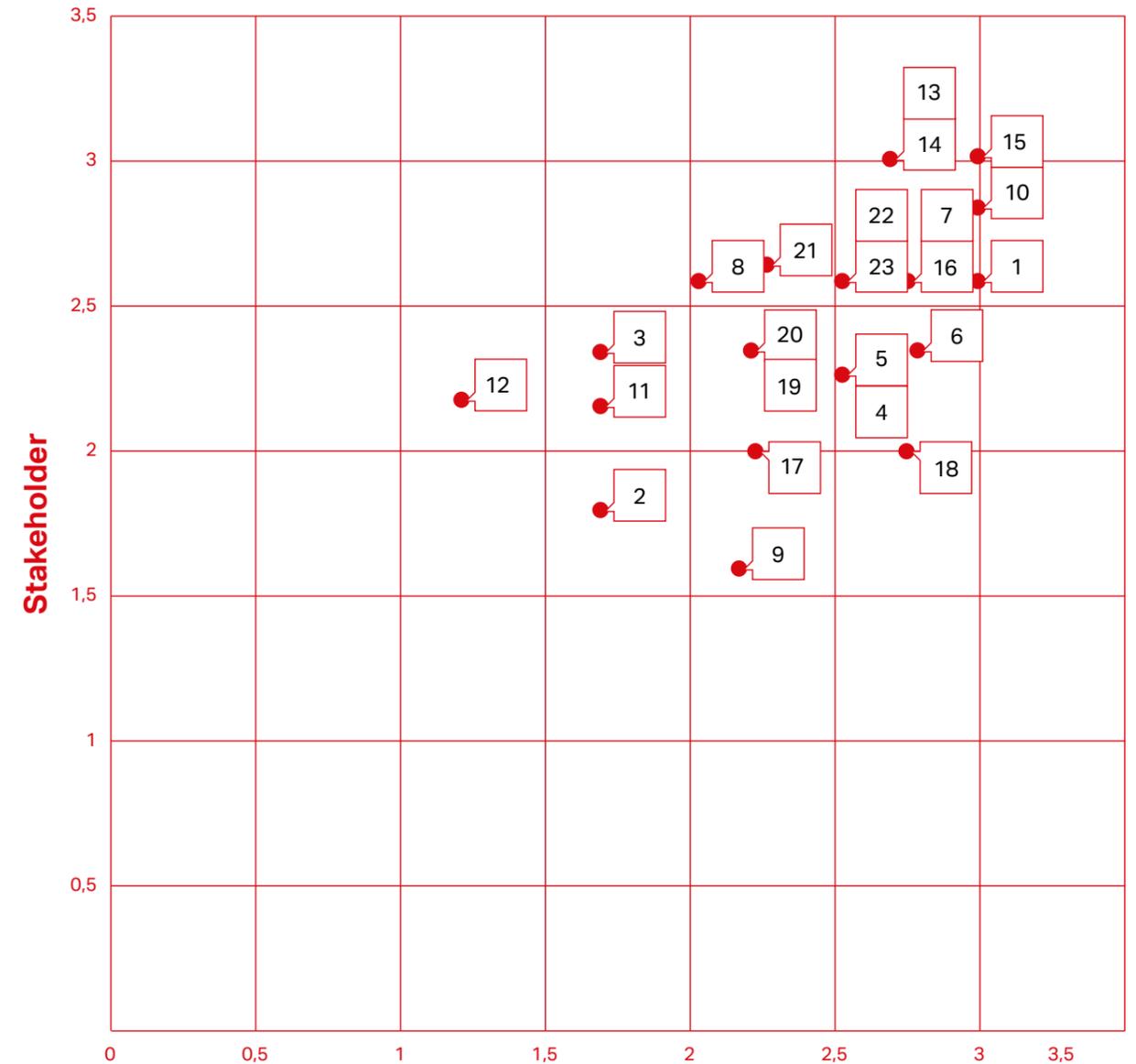
In order to be successful in the future, we must also be aware of and take into account the expectations, needs and demands of our stakeholders. That is why we have entered into an open and constructive dialogue with representatives of the stakeholders that are most important to us. These include internal representatives of the company's management, sales area managers, distribution managers and department heads, as well as external representatives of NGOs for sustainable global development, consumer protection associations and representatives from the fields of export, local

business associations, regional political representatives and the regional export promotion organisation.

Together with these internal and external stakeholders we discussed the strengths and weaknesses of the company, risks and proposals for action in the areas of sustainability, fundamental values/vision strategy, growth, employees and management, raw materials, packaging, location, as well as distribution and sustainability. The relevance and importance to Loacker of specific sustainability issues became clear from the various workshops and interviews that were subject to a materiality analysis.



Materiality analysis



company

- | | |
|--|--|
| <ul style="list-style-type: none"> 1. Fair and transparent company policies and business practices 2. Raising awareness 3. Innovation and error-management culture 4. Process performance, effectiveness and efficiency 5. Legal compliance 6. Health and occupational safety 7. Training and development; staff motivation 8. Diversity and equal opportunities 9. Community engagement 10. Long-term, fair customer-supplier partnerships 11. Work-life balance of personnel 12. Personnel involvement and participation | <ul style="list-style-type: none"> 13. Quality standards 14. Naturalness and taste 15. Food safety 16. Customer orientation, satisfaction and benefits 17. Independency and financial stability 18. Cost efficiency, productivity and profitability 19. Environmental management 20. Energy management 21. Sustainably farmed raw materials 22. Prevention and reduction of packaging material 23. Prevention and reduction of emissions, transport & logistics |
|--|--|

Our key stakeholders



Anchoring the joint sustainability strategy

Defining a company-wide sustainability strategy was a basic requisite to setting ourselves objectives for sustainable management. In order to implement these, we defined our quality and sustainability policy, which serves as a compass for all corporate decisions. Our pursuit of sustainability was also anchored at the heart of our business, in the Vision and Mission, which was reworded accordingly in 2014.

Defining objectives and measures

In the four areas of action - governance and corporate culture, quality and efficiency, employees and society, as well as resource efficiency and environmental protection - we crystallised the key issues for us. In a number of workshops the working groups developed the relevant objectives and initial steps to be taken. To check whether we are

achieving our goals step by step, we assess our actions based on quantitative indicators and qualitative evaluation methods, such as consumer surveys. If necessary, we rectify our approach or adapt it to the new challenges.

Raising awareness, communicating, motivating

Jointly planning the future is a key issue that is taken up with employees again and again, and it is accompanied by a variety of measures. All stakeholders need to cooperate in order to be able to implement sustainable management. Therefore, communication and raising awareness is carried out on a large scale. For example, in the staff magazine "Locker MyJournal" we regularly inform our employees about the objectives and measures taken in the area of sustainability. Not only does this promote awareness of the issue, but it also encourages employees to think about possible improvements within their

own work remit and to develop ideas.

New hires learn about the sustainability strategy during their induction and through the induction brochure. We encourage employees to participate in further training on sustainability issues and ongoing projects, such as lean management, which encourages the optimal use of resources in the workplace (see pages 46).

Training and developing.

Mimmola is one of Locker's brand ambassadors. She stands for love and respect for nature, and aims to convey these values to the world. Mimmola champions a conscientious use of resources, hence her role as a facilitator during the 'Mimmola docet' training seminars introduced in 2018. During these meetings, employees receive numerous tips and insights about the environment and sustainability from internal and external experts as well as tips for a more conscientious,

healthier life. Besides these in-house training measures, we are also happy to encourage employees to participate in external training activities focusing on protecting the environment and sustainability.

Standing our ground.

Locker practices and exemplifies sustainability out of conviction. On the one hand, the sustainable thinking and acting is reflected in the time every employee devotes to issues such as quality, food and workplace safety, energy efficiency, people or economic efficiency. We promote individual personal responsibility, and believe everyone should set a good example: everyone can and should be able to contribute to achieve our sustainability goals.

We have already taken many steps towards greater sustainability, but many more must and will follow. In some areas, there is certainly scope for more action, processes have to be systematised further and more measures have to be taken. Our efforts allow us to continuously learn and amend processes towards always greater sustainability in our actions.

Memberships in organisations and agencies:

- Leatherhead Food Research
- European Sales & Marketing Association (ESMA)
- Italian Association of Company Counsels (AIGI)
- Dentromarca Società Cooperativa
- Central College of the German Confectionery Industry (ZDS)
- Italian Association Customer Service
- Italian Institute of Packaging
- Scientific and Technical Committee (CTS)
- icv - International Controller Association
- Association of Consumer Goods Manufacturers (IBC)
- Sweets Global Network confectionery trade (SG)
- International Distribution Institute
- Business Association South Tyrol
- Economic Senate of Austria
- Chamber of Commerce Bolzano
- Isaca Membership (Information System Audit and Control Association)
- Industrial Association for Food Technology and Packaging e.V. (IVLV)
- Austrian Federal Economic Chamber
- Austrian Association of the Confectionery Industry
- Federation of Austrian Industries
- Filiera Italia
- Management Center Innsbruck (MCI)
- Associazione Utenti Pubblicitari

"Sustainability is achieved thanks to the attention and conviction of people working at Locker – we practice and embody these values day in, day out. Sustainability is transversal to the entire value chain."

Locker Corporate Policy

Certifications



ISO 9001: Quality Management according to ISO 9001

The aim of our quality management is to sustainably organise and improve processes and structures, define responsibilities and to work efficiently. The Quality Management standard ISO 9001 is a prestigious and internationally recognized standard. Loacker has been certified to this standard since 1996.



Environmental Management System according to ISO 14001

We want to promote understanding of environmental issues and continuously improve environmental protection within the Loacker Group. Therefore, we introduced an Environmental Management System according to DIN EN ISO 14001 in 2001.



Kosher

International certification for food whose production has been certified by a rabbi.



IFS Food and crisis management: ensuring food safety

The International Featured Standard (IFS) Food enables the maximum product safety for food. As a result, very explicit demands are formulated for the HACCP system (Hazard Analysis and Critical Control Points) with regard to the manufacturing and hygiene conditions in the company. The Loacker Group introduced this standard in 2008.

In spite of the numerous safety measures, we are aware of the fact that you can never rule out all risks, especially in the food industry. Therefore, the Loacker crisis management has effective procedures in place to deal with exceptional cases and prevent various consequential damages efficiently and quickly.



Occupational health and safety is safeguarded by BS OHSAS 18001

We pursue objectives, such as accident prevention, preventive employee protection and maintaining their health, by means of the Occupational Health and Safety Management System BS OHSAS 18001 (Health and Safety British Standard Occupational Management System). Loacker has been certified to this standard since 2008.



Halal

International certification for food which certifies that it has been manufactured according to the specifications of Islamic law.

“Loacker places high demands on the inner quality as well as the outer visible quality of its products. These demands relate to the raw materials used and their processing, as well as to the preservation of the product characteristics up to the point of consumption. The necessary conditions and measures have to be systematically safeguarded along the entire value chain. There can be no lapse in this regard. Also, cost reductions must never be made at the expense of product quality.”

Loacker Core Values



Produktqualität mit Verantwortung

When quality is a guarantee

Systematic quality and safety checks

Loacker stands for the high quality, naturalness and wholesomeness of its products. All our activities are geared towards meeting these high demands on product quality, starting with the selection of raw materials and their suppliers, continuing with the production and finally ending with the storage and delivery of Loacker products throughout the world. But wanting quality is not enough. It has to be verified as well. Our quality standards, as well as the measures necessary to achieve them, are enshrined in our Quality and Sustainability Policy, in the Core Values and in the Loacker Brand Strategy. The parameters are set uniformly across the company and are valid worldwide.



Audit according to international standards

Our production facilities are certified to the international Quality Management System ISO 9001. Product quality is systematically checked from the outset by those responsible for quality assurance. The strict controls ensure that our quality standards are adhered to, and they guarantee the standards of food safety and traceability of our products. Not only do we comply with strict legal regulations, but we are also certified according to the IFS Food standard, which enables the greatest possible product safety for food.

We check our raw materials even before they are processed further. Our food inspectors take samples from the delivered raw materials, which then undergo chemical and physical tests in

our in-house laboratory. These quality and safety checks are carried out throughout the entire production process, right down to product stocks. If it does not meet our high standards, then it will not appear on our shelf.

99.82 %
of Loacker products
are certified to the IFS
Food standard

Checks using all the senses

We also check our products via our sensory panel. Its members are trained to check sensory issues with regard to the taste during internal checks. Do the raw materials fulfil the Loacker quality standards in terms of taste? What effect does storage have on the product? After how much time does the taste quality of a product decline? The 80-strong sensory panel work across the entire company and examine these questions on

the basis of in-house objective tastings as part of the quality assurance process or the incoming goods inspection. The members look at retained samples and carry out warehouse tests to test the shelf life of products. Moreover, the panel is used for consumer research or to assess new products, recipes and packages. In order to obtain scientific results and be able to consult this team on objective measurements, members of the sensory panel regularly take part in training courses.



Gentle production methods

The first step towards a natural taste experience is taken when recipes are developed. The first wafer recipe is a family recipe. A hundred years ago, Alfons Locker made the first "Bozner Schnitten" according to the old Austrian tradition of baking. The process of developing recipes is now more complex, but the criteria are still the same. Natural high-quality raw materials and ingredients, no artificial additives, a balanced composition and best eating quality form the basis for the recipes. But our products should not only taste good, they must also be wholesome. Ingredients that can negatively affect the health of consumers, such as genetically modified raw materials, are not used.

shelves, there is no difference in quality. We pay attention to cultural or religious particularities. Our wafer specialties are both kosher and halal.

Careful handling of raw materials and ingredients

During production we attach great importance to the careful handling of raw materials and ingredients. We aim to emphasise the special characteristics of the ingredients and preserve their quality. But careful processing also helps to minimize rejects and thus to save resources. Short lead times further guarantee that the products are always packed and shipped fresh and without loss of quality.

New products must be sustainable

At Locker, innovation means more than just creating new products. We are constantly looking for ways to improve even our already successful wafer, patisserie and chocolate specialties. We want to fulfil the needs and desires of our consumers, for example, in terms of new flavours, innovative product categories or package sizes. Our new products always have one thing in common. They must comply with our environmental and ethical guidelines, and their production must be efficient, cost-conscious and sustainable.



Sugar, spice, and everything nice

All Locker products are home-made. They are all produced in our production facilities in Unterinn and Heinfels. And no matter where in the world you find Locker products on the

A natural taste

"Add goodness, and you will get goodness."

Company founder, Armin Locker

Natural raw materials without additives

„Put good things in and good things will come out.“ This seemingly simple motto by Armin Locker, business founder and confectioner, is valid to this day. We only use natural raw materials and ingredients, in other words those which have been produced according to the relevant standards and have been carefully processed.

Locally grown products preferred

High-quality raw materials are the basis for the quality and taste of our wafer, patisserie and chocolate specialties. Therefore, it is very important to us where our raw materials come from. Locally sourced ingredients are in line with our sustainable mindset because of the advantages in terms of being able to easily check the cultivation methods or short transport routes. We source all raw materials that grow in the Alps or in Europe from that region.

Locker products contain



no artificial additives, such as flavourings or colourings



no preservatives



no hardened fats



no genetically modified organisms

The origin of our raw materials

Raw materials from Europe

Soybean meal and wheat flour from Austria and Germany Sugar from Germany

The cultivation of genetically modified soybean is banned in Europe. Nevertheless, it can be found in many foods available in European countries because soybean imported from the United States, for example, does not comply with this regulation. The cultivation of transgenic soybean varieties has been allowed there since the 1990s. We source the soybean meal for our products exclusively from Austria. Thereby we ensure that it is not genetically modified in any way.

Likewise, most of the wheat flour we use comes from Austria. We source our sugar from Germany.

We produce our own milk derivatives in the Alps

In November 2019, the production of milk derivatives made from alpine milk will kick off in our brand new milk derivatives plant in Vintl. This is the first dry milk powder plant in South Tyrol for the foodstuff industry and the second one in Italy.

Italian hazelnuts: own plantations as well as exclusive purchasing contracts

Our independent hazelnut plantation in Tuscany is bearing fruit: in 2019, Loacker will be able to source hazelnuts from its own plantation for the first time. Moreover, the project also created a hazelnut purchasing contract with farmers across different Italian regions. We roast the hazelnuts in our production plants to ensure they have the typical Loacker taste.

Fruits from the surrounding area

The berries and fruit used for our patisserie specialties created for the Loacker Cafes, are sourced from nearby farmers.



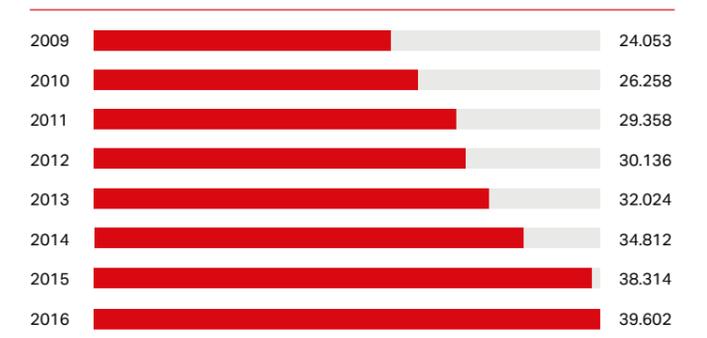
Raw materials from other countries

What about ingredients which cannot be grown in Europe? We source them from West Africa and South America (cocoa) and from islands in the Indian Ocean (coconut oil and flakes). We are aware of the local problems in the environmental and social spheres, such as poor education and social services, violations of human rights or child labour. We deal with the risks in these countries of origin by consulting and exchanging experiences with organisations that are working towards providing better conditions on the ground. We have been partners with the FarmStrong Foundation since 2018, committed to the sustainable plantation of cocoa on the Ivory Coast and since 2020 we have a partnership with Maquita for sustainable cocoa cultivation in Ecuador.

Raw materials database and certifications

We are collecting data on the origin of the various raw materials, as well as information on the supply chain, in our raw materials database, which, in future, will be fed with more and more information on environmental standards and risks. We are also currently in the verification phase with regard to the certification of certain key raw materials such as cocoa. We are considering a number of labels, which we are now comparing and taking a critical look at, and we are examining the feasibility of a meaningful certification for certain key raw materials.

Development of total raw material requirements (in t)



Our own plantation

Sustainable hazelnut plantation in Tuscany

Hazelnuts are one of the most important raw materials for Loacker: Loacker's Neapolitaner wafers were named in honour of the nuts due to their Neapolitan origin. To secure long-term, high-quality Italian hazelnuts, Loacker started growing its own hazelnuts in Tuscany. Loacker set up its own agricultural company, spreading across 240 hectares of the "Tenuta Corte Migliorina" in Fonteblanda, Orbetello. Hazelnuts are grown across 150 hectares of land, equaling around 75,000 trees being planted. The surface was extended by purchasing another plot of land: approximately 120 hectares were used to plant hazelnut seedlings across the lands belonging to the "Collelungo" agricultural company. As soon as the entire plantation reaches its maturity and is ready to be harvested, we will be able to collect approximately 550 tons of hazelnuts. Sustainability is, of course, one of our key concerns: our irrigation techniques allow us to save approximately one third compared to the traditional methods.

Business partnerships with local producers

Besides growing hazelnuts on our own land, we have also closed deals with local farmers across various Italian regions. Loacker guarantees the purchase of their entire hazelnut harvest on a long-term basis. Producers will receive comprehensive technical and organisational support from Loacker when it comes to creating and nurturing the plantations. Thanks to the cooperation with universities, cooperatives and agronomists, farmers will also receive expert support. Planting and harvesting the plants will be carried out in line with sustainable principles that Loacker will teach and oversee.

The partnerships were only kicked off in those regions where hazelnut plantations are a sensible alternative and provide a means of diversification for local agriculture.



On own agricultural companies Loacker plants hazelnuts in a sustainable way



240 ha

surface of our own plantations



360 t

hazelnut amount of total harvest



$\frac{1}{3} H_2O$

is the amount saved by our irrigation facilities compared to traditional ones



Milk from the Alps

"Dolomites Milk" is the new milk derivative plant in Vintl



Pure & fresh... naturally alpine milk

"Dolomites Milk" is the new milk derivative plant which will start functioning in November 2019. The plant will process milk and whey derivatives, turning them into powder required to produce Loacker products. The delivered milk and whey are exclusively sourced from the surrounding Alps, which feature spacious meadows and plateaus: the dairy industry in this region stands out for their approach to animal rearing - ensuring they are kept in a near-natural environment in smaller farms - and their careful monitoring of animal health and wellbeing. The milk and whey

we use is also not genetically modified as well as kosher and halal certified.

By collaborating with a South Tyrolean milk cooperative, we create various synergies which, among other things, also generates value for regional dairy farmers. We employ sustainable, vertical principals at the heart of the value chain and circular economy in a practical manner. The sum of investments channelled into the building and function of the milk derivative plant amounts to over 30 million euros; this will also create 20 new jobs.



At the same level

Fair, long-term partnerships with our suppliers

We are not interested in short-term business. Instead, we have always maintained fair and long-term relationships. We have worked together with some of our suppliers for over thirty years. For us, honesty, transparency, trust and reliable cooperation are important business values. We prefer doing business on equal terms with our partners, who share our guiding principles on fair and sustainable management.

Whenever possible, we source our raw materials directly from the producers and enter into long-term cultivation contracts with farmers. In selecting our suppliers, one of the assessment criteria is whether they have implemented standardised quality management and active environmental management, possess sustainability certifications or organic certificates and have a transparent supply chain. We continuously update this information through constant monitoring.

Eligibility criteria for our suppliers:

- evidence of a self-monitoring mechanism or other appropriate quality assurance procedures
- an active environmental management system with an environmental policy that also includes transport as well as packaging and the disposal of materials after use
- certificate analysing the quality of the raw materials, hygiene requirements, transport quality, shelf life, proper labeling on the packaging for traceability, among other things.
- economic and environmentally friendly packaging
- customer-oriented logistics
- price and service transparency
- flexible delivery



Securing the quality and quantity of raw materials for the future

We want to process only natural and high-quality raw materials, preferably from sustainable sources. This may sound obvious, but how to secure the required amount in the desired quality for years on end is not so obvious at all. Changing crop yields, fluctuations in quality or price instability pose great challenges for our developers and buyers of raw materials. Therefore, we are constantly in touch with our partners and suppliers so that we are also able to fulfil our quality standards in future.

Providing for fair working and living conditions for cocoa farmers

Our partnership with the FarmStrong Foundation

The cocoa market is a disputed and at the same time very critical market in terms of social responsibility and sustainability. Cocoa farmers and their families only partake in a tiny percentage of the turnover, therefore representing the weakest link. Due to the strongly fluctuating prices and low wages, their precarious salary does not offer them a chance to a decent life. Precarious living and working conditions as well as child labour are common in the plantations, especially in Africa – where more than 60% of the world's cocoa originates from. The insufficient infrastructures in the remote plantations, the inadequate health facilities and the poor training and education opportunities do nothing but worsen the population's social and economic opportunities.

Cocoa: purchasing a raw material fairly

We are well aware of these issues. Therefore we strive, insofar as our capacities allow us, to pur-

chase cocoa in a fair and socially responsible manner. Since 2018 we have been partners with the FarmStrong Foundation: it supports small farmers and local cooperatives in Africa. Loacker sources cocoa beans via the FarmStrong Foundation directly from Ivory Coast cooperatives. Every purchased ton is offset by a financial aid we give back, which can be used to support the Foundation's various measures in the Ivory Coast.

The FarmStrong Foundation works across a number of different levels. First, it works together with local producers, business partners and authorities in carrying out a detailed analysis of local demand to understand the specific challenges for farmers and their families. This analysis represents the basis for planning tailored development programmes and to implement them on site. The Foundation carries out numerous initiatives together with their cooperation partners insofar as sustainable farming is concerned, as well as agricultural development in the region. The Foundation's employees teach and train farmers in green farming, diversification and securing a wage. Other measures contribute to improving the working and living conditions for men, women, and children – for example by implementing projects in health care, education, nutrition, women development, infrastructure or environmental management.

This cooperation allows us to support the FarmStrong Foundation's activities, while also ensuring

cocoa traceability and quality, as we directly purchase the raw material from local cooperatives.

Supporting vanilla farmers in Madagascar

We are currently developing a three-year programme to support small farmers growing vanilla in Madagascar. Our goal reflects the one mentioned above: to source vanilla directly from local producers and promote on-site, sustainable development by means of financial aid.

Since November 2019, we have been supporting vanilla farmers in Madagascar. We purchase part of our vanilla requirements directly from local producers and support the local development with a sustainability project.



Your opinion matters

What customers and consumers think of us

We always strive to meet the demands of our customers (retail and distribution partners) and of the consumers of our products. As with our suppliers, we also maintain trusting, long-term relationships with our customers. For our part, it is essential that we are reliable in processing orders, there is a high product availability and we respond quickly to customer enquiries. We are always in touch with our customers to keep them informed about developments in the company and to make them aware of our commitment to sustainability.

We have a standardised Customer Management System (CRM) to increase the benefits to our customers. With the help of this methodical tool we plan, manage and improve our customer relationships. In 2013, as part of the CRM we carried out a customer satisfaction survey. In those countries where we have our own sales structure in the market, retailers were surveyed; internationally we surveyed our importers. In future, we aim to measure customer satisfaction twice a year.

Customer satisfaction: results for international sales

Worldwide Locker stands for the highest product quality, best taste and naturalness. Locker achieved high marks on most criteria in the evaluation (up to 9.50 on a scale from 5 to 10). In individual markets, the premium price segment is rated as critical.

Customer satisfaction: results for sales in Italy

In the interviews, Locker was described as a reliable and competent supplier.

In Italy, Locker is the quality/brand leader and there is a high degree of brand awareness. In the interviews, the company was also described as a reliable and competent supplier. Differentiation is primarily achieved through product quality. Customers perceive our ability to innovate our wafer products as very strong, while there is still scope for expanding our product range.

96%*
of Italians
would recommend Locker
products

97%*
of Italians
know the Locker brand

99%**
of Germans
would recommend Locker
products

* (Results consumer surveys in Italy, 7,000 respondents; product: Locker chocolate bar, 2014)

** (Consumer survey German Brand Jury, 2014: 2,000 respondents; products: Locker Wafers 90g & Locker chocolate snack bar Choco &)

Locker World of Goodness and Confectionery Workshop

How do we make our wafers? What is important to us, and where do the raw materials come from? Locker wants to provide consumers with wide ranging insights into the company and its manufacturing process, and we aim to achieve this with the Locker World of Goodness and its Confectionery Workshop at the production site in Heinfels. On a tour of the Locker World of Goodness, visitors can inform themselves in an entertaining way about the company and the origin and processing of raw materials. Since 2014, the World of Goodness also includes an interactive Locker Confectionery Workshop. Groups and individuals are given instructions so they can make their own Locker wafers here and thereby learn about the production process.



Locker gnometti as brand ambassadors

Their names are Mestolo, Cremolo, Vanigliola or Lattolo. They are the ambassadors of the Locker brand and guarantee the quality of the products. The gnometti come from the world of Dolomite legends, the same mountains that are home to the head office of the Locker

brand. Each of the six gnometti has its own distinctive name which refers to a specific area. Gnometti Mestolo, for example, is a pastry chef who stands for the crispness of the Locker wafer; Cremolo and Vanigliola stand for the creamy vanilla and cocoa spreads or Lattolo

(from the Italian "latte" for milk) for the quality of the milk. The friendly gnometti have been around since 1982 and are used as Locker brand ambassadors in TV commercials, on packaging or at sales points. They are very popular with consumers, especially in Italy.

Prizes and awards

International prizes and awards confirm we are on the right path. In 2003, company founder Armin Locker received the **"Candy Kettle Award"** in other words the „Oscar of confectionery manufacturers". This prize is awarded for outstanding achievements in product quality, product development, marketing and international cooperation.



In 2007, we were happy to receive the **"Sweets Global Award"**, which is awarded by the international confectionery trade association „Sweets Global Network", an established and leading industry network with 300 member companies.

The award **"Sapore dell'anno"** („Flavour of the Year,") is one of the most important awards in the area of taste quality. The globally recognized prize is awarded by the organisation of the same name on the basis of extensive consumer surveys. In order to award this prize for quality, blind taste tests are performed which mainly evaluate the sensory product characteristics in comparison with rival products. The only valid evaluation criteria are taste, appearance, odour, and product consistency. Locker

received the award in 2012 and 2014 for the Locker Classic Wafers and in 2013 for the Locker chocolate snack bar Choco &., in 2017 for the Cocoa&Milk wafers, and in 2018 for the Speciality and Classic chocolate bars.

Locker was awarded the **"Export Award Südtirol"** in 2011. The Autonomous Province of Bolzano honours outstanding local companies whose innovative, exemplary ideas improve South Tyrol's competitiveness. Locker was awarded this recognition for its consistent brand management and the successful creation of an internationally sound sales operation.

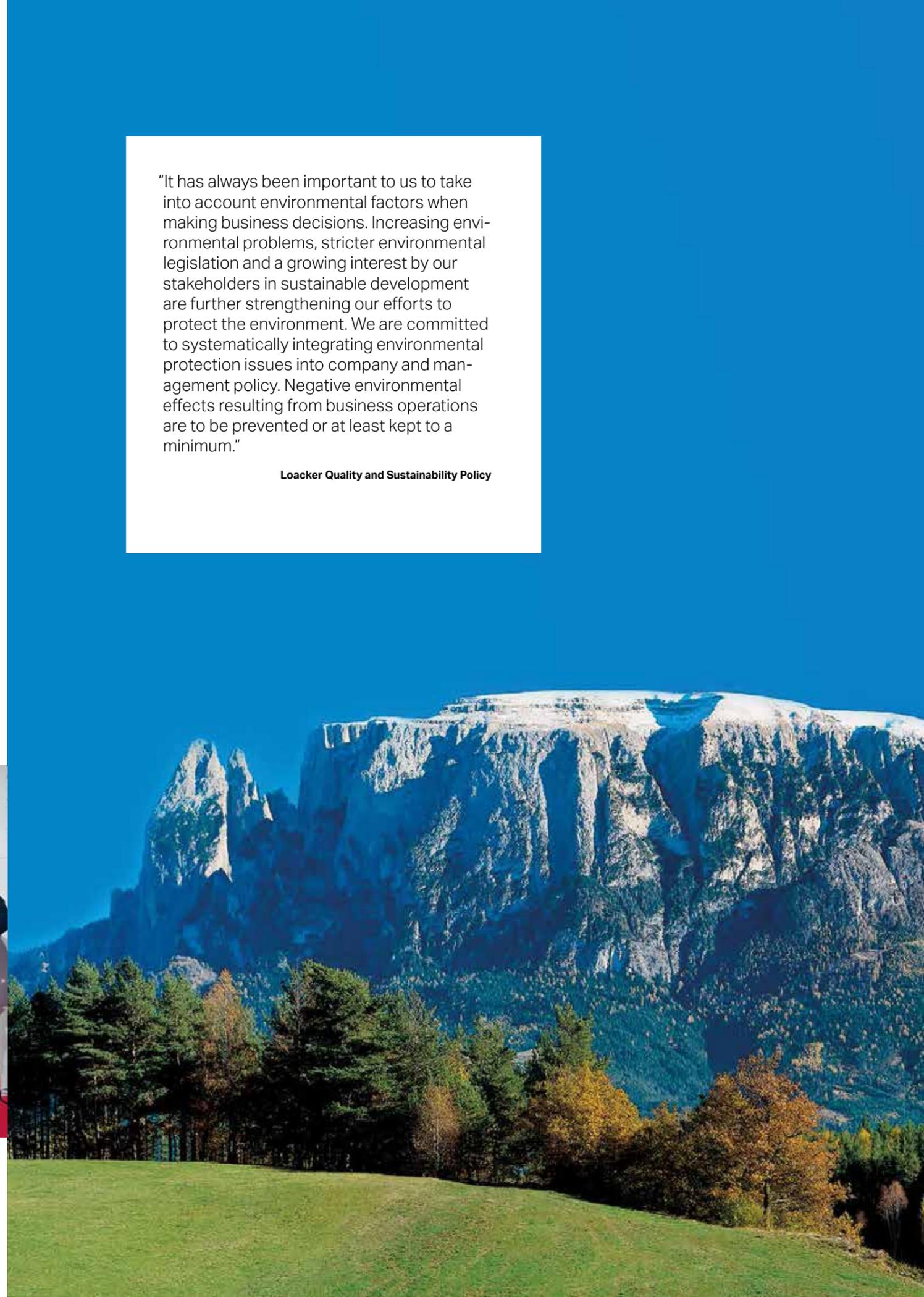
In 2016, Locker received the **"Sweetie Award"** for its Locker Gran Pasticceria White Coconut. The prize is awarded every year by the 'Rundschau für den Lebensmittelhandel', a specialist foodstuff magazine. An independent jury assesses the submitted products and selects the top sweets and snacks of the year across 26 categories.

The **"Prodotto dell'anno"** (product of the year) was awarded to Locker's chocolate bars in 2018. This recognition is based on the assessment made by 12,000 consumers and is awarded to innovative products on the Italian market.



"It has always been important to us to take into account environmental factors when making business decisions. Increasing environmental problems, stricter environmental legislation and a growing interest by our stakeholders in sustainable development are further strengthening our efforts to protect the environment. We are committed to systematically integrating environmental protection issues into company and management policy. Negative environmental effects resulting from business operations are to be prevented or at least kept to a minimum."

Locker Quality and Sustainability Policy



Environmental protection & responsible use of resources

Standardised environmental protection

Binding.
Responsible.
Active.

We take our environmental responsibility very seriously. We want to prevent negative effects on the environment as much as possible and use resources efficiently. The economic and careful handling of raw materials and energy is in line with our business values, but is also indispensable for cost reasons. Binding principles on environmental protection are anchored in our Quality and Sustainability Policy, in the Core Values and in the Brand Strategy.

Certified Environmental Management

Since 2001, Loacker production sites are certified to the international Environmental Management standard ISO 14001 and are audited annually. This certification guarantees that the company has defined a specific environmental policy and that our employees ensure compliance with these standards. Of course,

we also take into account national and region-specific regulations and provisions and comply with them. Every year, we collect key figures for energy consumption and CO2 emissions, which are documented in our environmental report. Where necessary, these serve as a basis to find ways to save and use resources more efficiently.

Sustainability in the production process

Not only the use of energy but also the use of raw materials requires care. So during the entire manufacturing process - from raw material processing to packaging - we pay attention to keeping lead times short. Our production facilities are designed to be flexible so that production can be coordinated in the best possible way. Targeted planning and methods to optimise set-up times, our bottleneck management, standardised work procedures and optimised internal logistics are important building blocks in creating an overall efficient production process. We are constantly improving our processes and technologies with the aim of saving resources.

Commitment by all

Even small measures can add up to big savings. Where feasible

we use lighting control. In the production plants, light domes are installed to direct natural light into the building. Contactless taps save water, older electrical appliances are replaced with new energy-saving models. There is a shuttle service for employees between our sites in Unterinn and Bolzano to reduce the amount of private individual traffic. It is mainly for transporting production staff from collection points to their place of work and back. An internal fleet is available for car-sharing. Meetings are increasingly held by means of a video-conferencing system to keep work-related trips between sites to a minimum.

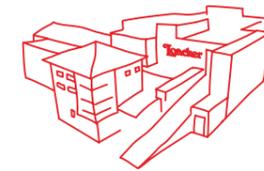
Since 2001, Loacker's production plants have been ISO 14001 certified (international environmental management standard).



Excerpt from the Loacker Quality and Sustainability Policy

Production process and locations

Safe and sustainable: our production processes and locations live by these values and use resources sparingly producing low emissions, especially when it comes to greenhouse gases and other emissions as well as energy, material, water and soil use, as well as sound, waste water and waste.



Committed to protecting the environment

We are responsible and are committed to avoid impacting the environment via our sustainable corporate management and limit eventual repercussions on our health and the environment.



Transport and logistics

The prevention and reduction of CO2 emissions, as well as air and noise pollutants, resulting from the transportation of goods and people is a key objective for the company.



Responsible procurement and use of raw materials

For the purposes of quality and quantity assurance of raw materials, we aim to source a high proportion from sustainably farmed resources, not least to promote biodiversity and protect the water supply. When quality is the same and prices are competitive, we give preference to partners and suppliers from the region.



Packaging material

Our goal is to limit the consumption of resources and to improve resource efficiency. This includes preventing and reducing the amount of waste resulting from packaging material and closing material and energy cycles.



Less is more

Efficient use of energy and resources

The production of food is energy-intensive. Baking wafers requires a large amount of energy and, in addition, a cooling process is also necessary to ensure product quality. Even during the development and construction of our production facilities, we look at how we can save energy and use it efficiently, for example, through energy-efficient drives, energy-saving construction of buildings and optimised building and energy technology.

The constant employment of improvement and modernisation measures support us when it comes to saving energy. In the 2016/17 cycle, we replaced the existing lighting system in some rooms of our Unterinn and Bolzano locations with an energy-efficient LED system. In Heinfels, we reduced the times at which outdoors lighting is active to limit light pollution and energy consumption. Moreover, in the production plant in Heinfels we renovated the cold exchanger. This means that we continue to maintain the same cooling system but at a lower electricity output due to a lower condensation temperature.

Although we are constantly working to improve energy efficiency and are implementing a number of energy-saving measures, the reduction in overall energy consumption is only limited. Our efforts to save energy are offset by the manufacturing process, which is becoming increasingly mechanised and automatised due to higher quality and safety requirements, and the growth in

production volumes. In absolute terms, sometimes also in relative terms, this leads to rising energy consumption.

Fuels

Our electricity supply is 100% green. It comes from renewable sources, water and wind. In May 2011, a photovoltaic system was installed at the Unterinn site, generating more than 66,000 kWh of electricity a year. We need gas to heat the ovens for the production of wafers. For technological reasons, it cannot be replaced by a different fuel. In June 2018, the production plant in Unterinn shifted from propane gas to methane sourced from the public grid: this allows us to save on approximately 40,000 kilometres of travel per year, which had been necessary up to now to deliver propane gas on trucks.

Heat recovery instead of heating oil

We recycle the waste heat from the baking process in all our manufacturing facilities. Through the use of heat-recovery systems we can use the heat from the ovens to heat the production areas and to provide hot water. We only use petrol to cover peak periods. Thanks to co-generation, we saved approximately 2.4 million litres of fuel between 2013 and 2018; this represent approximately 7,500 tons less CO₂.

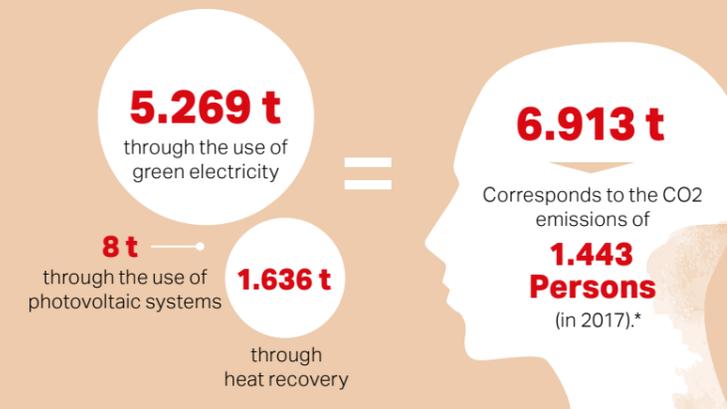
Emissions

The operations of our company cause relatively few emissions. By using modern technology, we can keep the emissions generated by our production sites below the required limits. To reduce the amount of hazardous substances produced by cars, we increased our fleet by adding two e-cars. Employees can use these when carrying out maintenance work in the outdoor areas as well as for business trips. E-cars will be recharged with electricity using our docking stations: as our electricity is 100% green our cars are as green as they come.

Environmental protection and conscious use of natural resources

100 %
green electricity
in our production sites

Saving of CO₂



Assumption: worldwide 4.7t CO₂ emissions per person

Saving heating oil



* Assumption: 11,200 kWh per 70 m², 10.4 kWh = 1l

The key figures are taken from the sustainability report 2017 and refer to the year 2017.

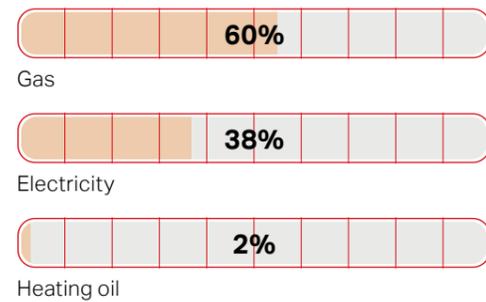
Key figures on energy consumption

All figures relate to the production sites Unterinn, Bolzano and Heinfels.

Total energy consumption

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Specific total energy consumption (kWh/t)	1.207	1.245	1.213	1.249	1.232	1.209	1.189	1.159	1.206	1.244
Change in total energy consumption from the previous year (%)	/	3,2	-2,6	3,0	-1,3	-2,2	-2,3	-2,5	4,1	2,0

Part of energy vector 2018



Photovoltaic

kWh produced at Unterinn

2011	56.310
2012	73.926
2013	67.513
2014	66.226
2015	74.153
2016	68.822
2017	70.851
2018	67.319

Water and waste water

The quality of the water plays an important role in the manufacturing of our products. Water is needed for making the dough, and it has to be perfectly clean. That is the reason we build Locker production facilities in places where the quality of the drinking water is very high. Therefore, the protection of water resources is also of major concern to us. In Heinfels we laid our own water pipes independently of the local water network to access the drinking water source and thereby took

responsibility for securing the supply and control of the water.

We keep contamination of the waste water to a minimum. In Heinfels we installed grease traps that filter oils and grease from the waste water before it flows into the sewerage system. Measurements provide evidence of the good biodegradability of our waste water.

The sparing use of water is a matter of course for us. At both locations we collect ground or rain water and use it to irrigate all our green spaces. Through the use of water-saving technologies in our sanitary facilities we reduce water consumption.

waste separately, such as paper and cardboard, plastic or wood, and recycle it. 56% of our waste consists of paper and cardboard, followed by 13% plastic and 9% wood. This means most of our residual materials can be recycled. Only two percent of the total amount of waste is made up of pollutants, for example, the oils filtered from the waste water. We pass on the contaminated waste to specialised service providers who guarantee a safe disposal.

Recycle unsaleable foods

It is inevitable that wafer baking sometimes produces broken pieces that are not suitable for sale. But with us food never ends up in the rubbish. Wafers that are unsaleable because they are broken, but otherwise in perfect condition, are reworked or passed on to local farmers as animal feed.

Waste prevention and recycling

Our approach to waste is based on preventing waste and recycling as many reusable materials as possible. We collect all our

78% of the used residual materials can be recycled.

Harmless and hazardous waste

Types of waste	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total waste (kg/t)	390.960	376.013	389.516	437.496	374.391	485.342	480.134	500.320	694.392	629.157
Share of harmless waste (%)	17,4	15,3	14,2	15,6	12,5	14,1	12,7	13,2	18,3	16,6
Share of hazardous waste (%)	99,4	99,3	95,3	97,7	98,4	98,8	96,4	96,7	96,9	94,6
Share of hazardous waste (%)	0,6	0,7	4,7	2,3	1,6	1,2	3,6	3,3	3,1	5,4

Recycled baking waste

(Wafer-) broken pieces	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Rework total (kg)	797.809	932.224	1.106.561	1.168.981	1.219.989	1.354.000	1.459.000	1.598.000	1.592.400	1.618.000
Animal feed total (kg)	436.707	509.003	569.981	574.440	685.100	712.000	800.160	1.027.000	914.130	847.000

Ideal protection.

Saving on materials thanks to smart packaging

High-quality product packaging is necessary so the consumer can enjoy fresh, undamaged wafers and chocolate specialties. The packaging foil must protect the product against harmful effects, such as moisture, oxygen, odours, light and UV radiation. This allows us to dispense with preservatives. Therefore, packaging considerations always have to balance different requirements. On the one hand, product quality must be guaranteed and transport also imposes conditions on the type of packaging. On the other hand, we want to reduce the amount of packaging materials and use environmentally friendly materials. Compromises are necessary. Environmentally friendly materials do not always guarantee food safety or the preservation of product quality.

Compatibility with the environment and health

Our wafer products are wrapped in specially designed composite foil for dry baked goods (primary packaging). For larger product units we use resealable packaging. The transport or display packaging (secondary packaging), however, is made of cardboard. In order to meet our standards for sustainability and product quality, all our packaging materials are aimed at being highly compatible with the environment and health.

This includes their production, as well as their capacity to be recycled or disposed of in an environmentally friendly way. We check whether the producers of packaging materials have implemented an environmental management system and use environmentally friendly ink. The requirements in this regard are defined in our packaging specifications, and wholly unacceptable packaging materials are listed.

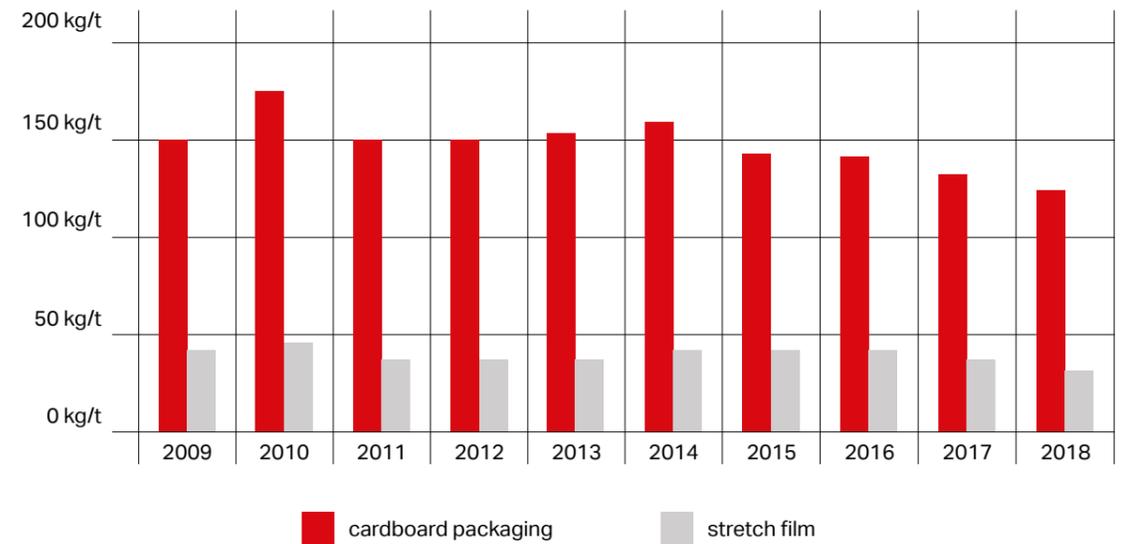
Conserving materials

In recent years, we were able to reduce the amount of packaging materials and to optimise existing packaging. We standardised the packaging so the same transport packaging can be used for several products. The use of a thinner packaging foil resulted in material savings of approximately 10 tons. We reduced the use of plastic foils and replaced them with cardboard. This allowed us to save 20 tons of polypropylene. In collaboration with our largest packaging supplier, we were able to reduce the CO2 footprint of our primary packaging by 2%.

In 2018, we invested in a second new stretcher in Heinfels after a material use test. This covers palettes with a stretch film to be protected during loading. For the same amount of operations, the machine uses 50% less material.

The new machine allows us to save approximately 3 tons of plastic film a year. Moreover, we are currently working hard to reduce and optimize the recyclability of packaging materials. Thanks to a new type of heat-sealing film we want to achieve an improved recycling capability and a significant

reduction of materials. Even as far as cold-sealing films are concerned, we are currently looking at ways to achieve savings. As soon as both projects are completed, we will be saving approximately 15-20% of the entire amount of films, in other words a total of 300,000 kg of films.



-3 t
of stretch film a year by using
two new stretchers
(since 2018)

Green transport

Organizing green transport and logistics

As a manufacturing business we are dependent on having raw materials and other materials delivered to us, as well as on making delivery of our products. To this end we work together with external logistics partners. Our distribution logistics department fulfils both the strategic and operational tasks with regard to distribution, and it is the point of contact for our logistics partners. Optimising the management of this process is important, for example, by reducing empty transports and optimising transports. The central warehouse of our logistics provider is located in Corteolona (near Piacenza, Lombardy). The main warehouse of our logistics provider is located in Calcio (Bergamo, Lombardy). From here, the delivery of raw materials takes place to the Locker locations and the delivery of Locker products to the points of sale. A further, small warehouse is located in a strategically smart location between both production plants in Chiusa, South Tyrol. From here, the packaging materials and raw materials will be taken to locations in South Tyrol and East Tirol. Locker can rely on other warehouses in the US (New Jersey) and in Germany (Baden-Württemberg). These external locations guarantee efficient and quick logistic operations which is worth its weight in gold to our clients. To save on energy and CO2 to run the warehouse, we give precise our logistics partners to store our products.

We have taken the first steps towards increasing the percentage of goods shipments weighing

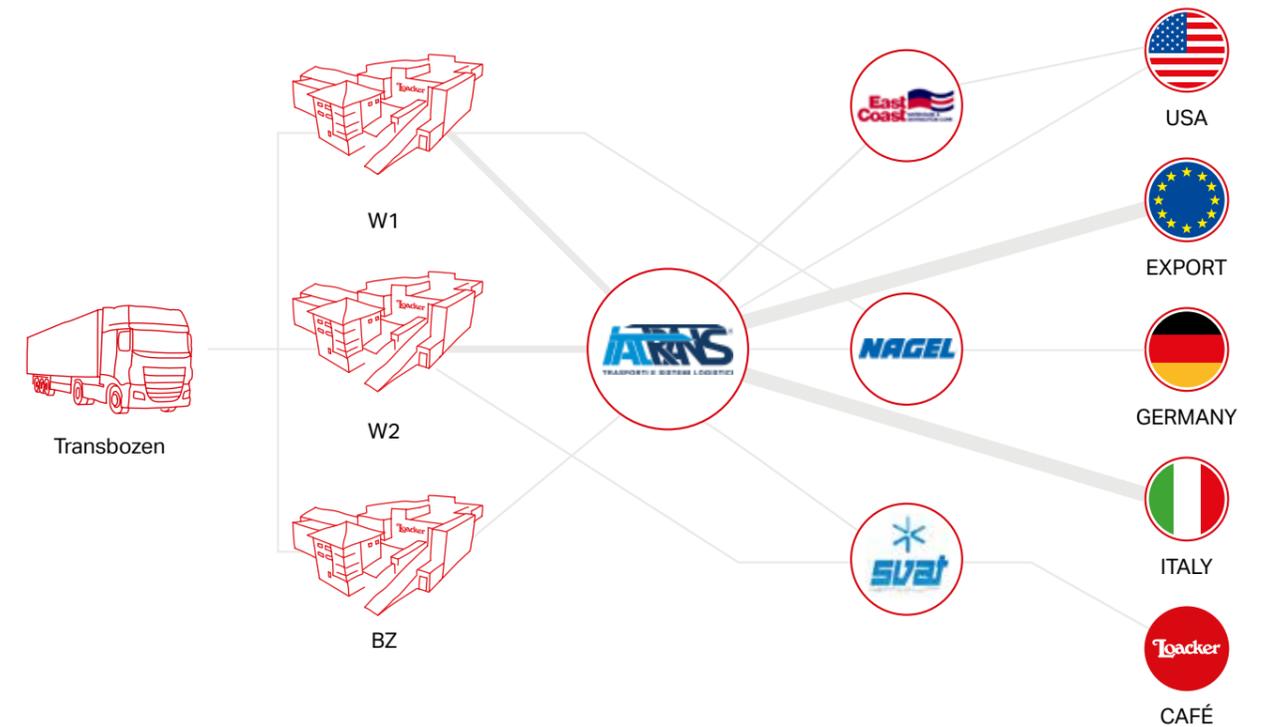
less than 100 kilograms. Furthermore, we are currently collaborating on a project with transport provider DHL Italy in which the CO2 footprint is captured and the logistics partner sets key indicators for CO2 emissions. Suitable tools for measuring CO2 are being checked. As a further measure, the baseline should be established in order to take further steps towards reducing CO2 emissions.

Reducing emissions and empty transport

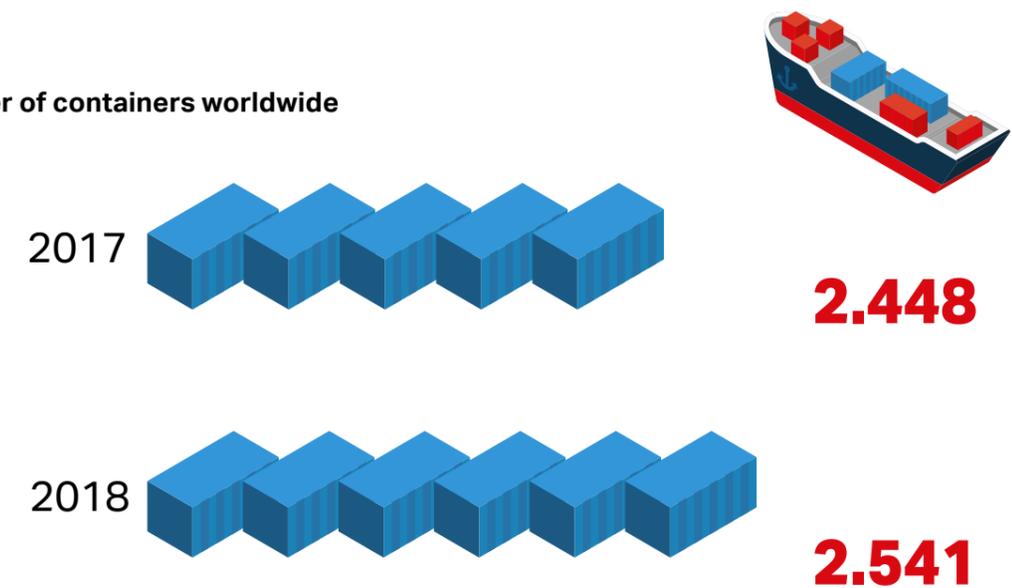
Together with our transport partner, we ensure diesel-fuelled trucks are used for transport. By doing so, we achieve CO2 savings of up to 20%. We also try to use liquid nitrogen gas-fuelled trucks (LNG) allowing us to reduce emissions by 100%. Basically, the car park of our transport partner is exclusively composed of trucks belonging to the Euro 6 transport norm or higher.

To reduce the amount of drives, we favour trailers with a larger capacity. By using these special trailers, this results in an increase – approximately 15% - in loading space. We pay attention to the fact that we optimally use all the space in the trucks and pool inbound and outbound deliveries for our production locations. By using a precise layout when loading the trucks, we can avoid trucks sitting idly with their engines on, therefore avoiding unnecessary, energy-intensive cooling of the trailers.

Internal transport flows warehouse - Locker sites



Number of containers worldwide



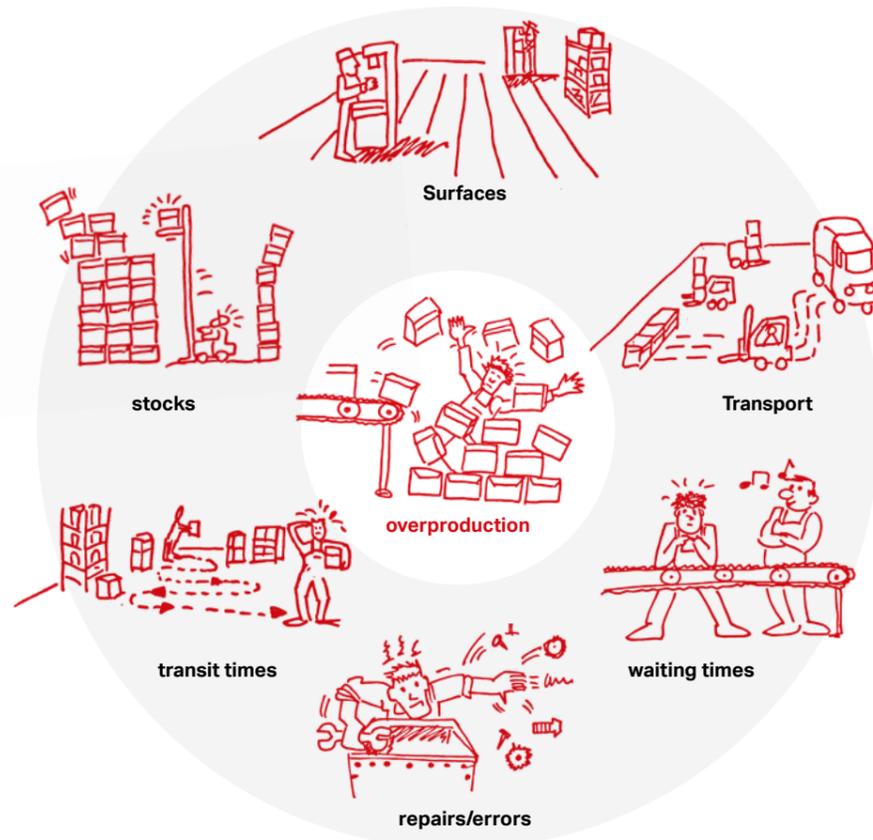
Employees develop sustainable ideas

Lean management

How can we use resources efficiently and prevent waste in the production environment? Our staff can provide many answers to this question. After all, they are experts in their job and know best how to optimise workflows, save resources and make the production environment as efficient as possible.

As part of the Lean Management project, employees are coming up with concrete opportunities for improvement and are prov-

ing to be creative in providing ideas for sustainable efficiency. Initially, they take training courses in teams of two at a recognized institute for lean management in Austria. As part of this training, they come up with actual optimisation projects, such as ways of preventing machine downtimes, wafer breakage or other production errors. Everyone can and should get involved in implementing sustainable business practices in the company.



“Our employees are crucial to the positive development of our company. Skills and experience, commitment and dedication, enthusiasm and passion are essential to meet the high expectations we and others have of us. We encourage professional and personal development and strive to create an environment in which employees can develop and grow, find meaning, take responsibility and thereby deliver top performances.”

Loacker Corporate Core Values

Involvement comes first: shaping and participating in the company.

Space & participation

We see our company as a living system in which everything is interconnected: Everyone carries responsibility for the company as a whole in their role and in their area of work. We encourage initiative and promote the individual strengths of each employee through various measures. Our employees are given enough freedom and scope for making decisions to act independently within their work remit and help shape their work place in line with their needs. We encourage our employees to take personal responsibility and to participate, and we see them as experts in their field of work in which they themselves can develop and implement improvements towards working more efficiently, for example, through lean management.



hierarchies are dismantled and managers are easily accessible. Our managers receive regular training in the areas of participatory management and systemic organisational and company management to strengthen this trusting working environment. Our Leadership Guide and Manual were developed in the process of a participative process to support Management in their tasks. Through interdisciplinary work in project teams and joint learning we promote togetherness and increase employees' identification with the company.

Participatory leadership

Our managers are like coaches in supporting the development of employees and strengthening their individual skills. We practice a participatory management style with clear responsibilities where we face each other as equals with mutual respect and appreciation. Our "open door" principle ensures that

"Locker's Management promotes equal dialogue and makes time for carrying out one-to-one talks."

Excerpt from the Locker Leadership Guide

Locker MyJournal - our magazine for employees

The magazine for employees "Locker MyJournal" is an important tool for communicating and building a link between the company management, other managers and employees in the various Locker sites. The magazine is published two to three times a year, reports on developments and projects within the company and thereby enhances shared knowledge and values. The Locker MyJournal provides transparent information and fosters mutual understanding, as well as understanding for changes within the company. Employees are directly involved in producing the magazine - as editorial members or by suggesting topics and being interviewed.



Cafeteria for employees

We operate our own cafeteria for the employees in Unterinn, Bolzano and Heinfels, which serves a freshly prepared three-course lunch every day. We pay particular attention to serving regional and seasonal ingredients. Alternative dishes are provided for vegetarians or people with food intolerances. The large tables in the cafeteria encourage people to meet from across departments and hierarchies.



132,000 meals

to the tune of 900,000 euros were served in 2018 in the employee canteens

Respect comes first.

Integration, diversity and equal opportunities

The rapid growth of the company created a number of new jobs in many different areas. An induction plan and programme is in place to help new employees along when they first join the company and ensure a smooth start in their new jobs. During the introductory event we introduce the company, our values and core activities. Members of the Locker family and the company's management as well as other managers welcome the new employees and familiarise them with the company, its guidelines and values, products and markets. In this context, we also explain the importance, content, objectives and measures of our Sustainability Strategy. There is also an introductory brochure available to ensure quick work place orientation that provides practical guidelines to employees but also explains our Sustainability Strategy. A personal tutor, i.e. a reference person not belonging to one's own division, will support the new employee, acting as a mentor by replying to various questions and supporting them in their social integration.



Talent management system

The talent management system, which was introduced in 2014, supports the search for and selection of new employees, as well as the education and training of the entire workforce. On our intranet portal for employees and managers "Locker Campus" everyone has their own personal profile and a record of their training history and can sign up for any of the courses currently offered as part of the training programme. Job vacancies are also listed on the portal so that any employee can apply or pass on the job offer to friends and family.

„Die Denkweise des Anderen zu verstehen und zu respektieren, sich offen und ehrlich zu begegnen und einen wertschätzenden Umgang zu pflegen, sehen wir als Basis für gemeinsames Wachstum und gewinnbringende, langfristige Zusammenarbeit.“

Locker Leitbild

1,608 students visited Locker's offices in 2019

Commitment to young people

Our holiday jobs, internships, and apprenticeships right across the company offer young people the first opportunity to get to know the Locker company. Especially during summer, but also during the other months, our trainees support the different departments across our locations with practical projects. They get to know the everyday business routine and learn about Locker as a potential employer. In addition, in 2019, 58 school classes from different types and levels of schools with more than 1,608 students visited the Locker sites in Unterinn and Heinfels to learn about the company. Locker employees also go to schools to give presentations and hold information sessions. Interns and undergraduates are also very welcome to gain practical experience in the company or to carry out research.

Diversity enriches

As a company that is active worldwide we come into contact with people from different cultures every day. Respect, tolerance, openness and mutual respect are essential prerequisites for dealing with one another. It is clearly stated in our corporate core values that we do not tolerate any form of discrimination against people on the basis of their gender, skin colour, race, ethnic origin, religion, beliefs, sexual orientation, language, nationality, age or disabilities. Any employee who experiences or witnesses discrimination is obliged to immediately report this to the responsible manager or the company's neutral and unbiased supervisory body. We penalise all forms of discrimination with disciplinary measures.



Growing together.

Personal and professional development

The increasingly complex environment requires our employees to have a high degree of professional and social skills. They are the pillar of the company and crucial to its success. Due to demographic developments and the shortage of skilled workers, we strive to retain dedicated employees for the long term and to foster their professional and personal development. We support them in participating in training events and provide a wide range of internal training programs for different target groups.

Annual employee performance review

The annual personal discussion between employee and supervisor supports the individual development of each employee. In the context of this confidential discussion, employees are shown appreciation for their work and their performance is assessed. Views are exchanged on the individual skills and opportunities for improvement. In addition, personal objectives and development opportunities are discussed and relevant measures agreed. Each employee decides which

objectives to set for themselves and in which areas they want to develop further.

Increasing employee satisfaction

How satisfied are employees about their work place? Where can we improve? We regularly carry out an anonymous employee survey featuring different satisfaction criteria. The results are used as a starting point to create concrete and targeted improvement measures.



Total training hours

2012	8,507 h
2013	12,75 h
2014	16,884 h
2016	23,586 h
2017	23,131 h
2018	20,028 h
2019	23.173 h

Continuous training

24,1 training hours per employee on average, 2019

Randstad Award

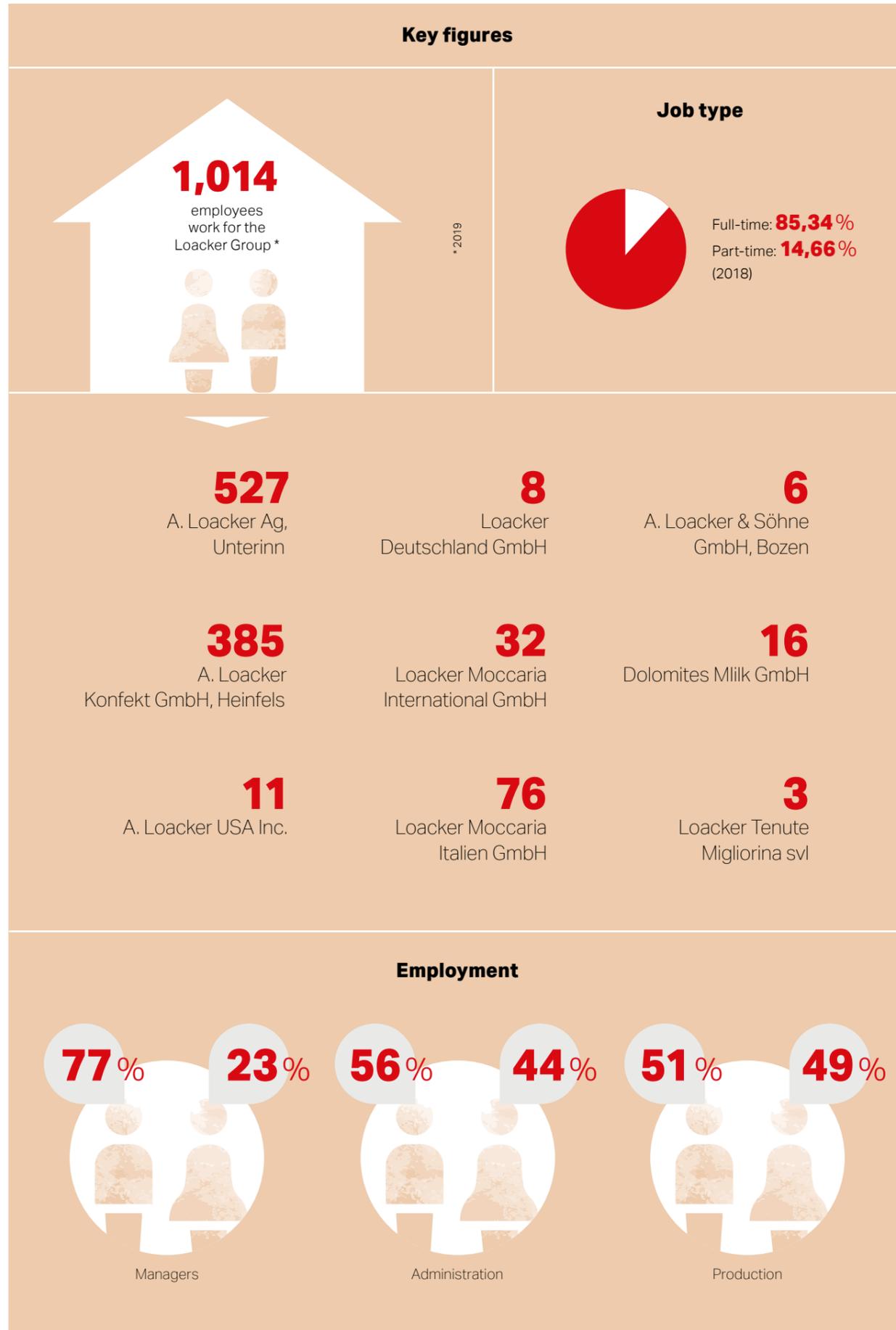
Loacker receives an award as the most attractive employer in northeast Italy



Every year, the Randstad Award is awarded in different countries to the most attractive employer. Companies cannot apply themselves for this award. They are selected on the basis of factors such as the number of employees (200-999 employees) or areas of production. The Randstad Award is purely an audience award. As part of a large survey, only employed people, students and job seekers are interviewed. Their opinion counts in the assessment, not that of the employer or the interpretation of business data. These aspects make this award so special. They guarantee the independence and objectivity of the survey and of the choice for the award. The results clearly reflect how the company is perceived in society.

In 2015 and 2016, Loacker received the Randstad Award for northeast Italy. For this purpose, more than 4,000 employed people, students or job seekers aged between 18 and 65 years were interviewed. Loacker was ranked in first place out of one hundred companies from the region because, according to the survey, Loacker fulfils the ten most important criteria of an

attractive employer - competitive wages and benefits, career opportunities, strong leadership, pleasant working environment, job security, work-life balance, sound finances, interesting work, good standard of education and social responsibility. Loacker was voted the best company in the categories pleasant working environment, job security and sound finances.



Fluctuation

A. Loacker Ag 2017	
Number of employees	531 (234 women, 297 men)
New hires	55 (21 women, 34 men)
Exits	23 (18 women, 5 men)

Fluctuation
4.3 %

A. Loacker Ag 2018	
Number of employees	543 (230 women, 313 men)
New hires	38 (16 women, 22 men)
Exits	39 (16 women, 23 men)

Fluctuation
7.2 %

A. Loacker Ag 2019	
Number of employees	565 (240 women, 325 men)
New hires	53 (23 women, 30 men)
Exits	41 (18 women, 23 men)

Fluctuation
7.3 %

Loacker Konfekt GmbH 2017	
Number of employees	408 (201 women, 207 men)
New hires	77 (39 women, 38 men)
Exits	28 (14 women, 14 men)

Fluctuation
4.3 %

Loacker Konfekt GmbH 2018	
Number of employees	411 (197 women, 214 men)
New hires	36 (12 women, 24 men)
Exits	36 (19 women, 17 men)

Fluktuation
7.2 %

Loacker Konfekt GmbH 2019	
Number of employees	422 (214 women, 208 men)
New hires	49 (18 women, 32 men)
Exits	35 (17 women, 18 men)

Fluctuation
8.3 %

Return after parental leave

A. Locker Ag 2017	
Number on parental leave	13 2 men, 11 women
Return after parental leave	92% 100% of men, 91% of women

A. Locker Ag 2018	
Number on parental leave	18 3 men, 15 women
Return after parental leave	89% 100% of men, 87% of women

A. Locker Ag 2019	
Number on parental leave	24 5 man, 19 women
Return after parental leave	83% 100% of men, 79% of women

Locker Konfekt GmbH 2017	
Number on parental leave	9 0 men, 9 women
Return after parental leave	89% of women

Locker Konfekt GmbH 2018	
Number on parental leave	14 2 men, 12 women
Return after parental leave	86% 100% of men, 83% of women

Locker Konfekt GmbH 2019	
Number on parental leave	17 2 men, 15 women
Return after parental leave	82% 100% of men, 80% of women

Health and safety in the workplace -

and beyond

Health and safety in the workplace is a top priority for us. We go above and beyond the legal minimum standards to ensure safety at work and promote health. The principles and measures in this regard are set out in our Corporate Policy. Implementation is not only based on the prescribed legal standards, but we are also certified to the Occupational Safety Management System BS OHSAS 18001 (British Standard Occupational Health and Safety Assessment Series). To constantly monitor health and safety, every location can rely on a work safety officer. The responsible people and tasked employees ensure the measures are adhered to and implement preventive measures.

A safe and healthy work place

Safety first: at the work place, it all starts with employees. All employees of the sites in Italy and Heinfels have had comprehensive basic training on occupational safety and health in the workplace. In addition, so-called first responders have been trained i.e. persons who are specially trained in first aid and can provide immediate assistance in an emergency. Besides the personal conduct of employees, workplace health and safety also depend on technical hazards. All our places of work - in administration as well as production - are therefore fitted with safety measures that minimise this risk.

Mental health

People should be considered as a whole, individuals featuring physical, psychological and social health. The Human Resources Division coordinates measures to boost health; there are developed together with the Safety at Work Unit, Safety Speakers, Occupational Health Specialists, and members of Management. Regular surveys monitor psychological strain, while the organisation of training workshops and campaigns to raise awareness on the topic aim to boost physical as well as mental health.





Prevention and well-being

Our Health and Safety Management is not limited to workplace safety and the prevention of accidents and risks. It also includes preventive measures and takes into account the human being in its entirety. Therefore, we offer our employees a variety of ways to stay healthy and to increase individual well-being. For example, the office workstations are ergonomically designed and employees receive health advice for working with computer screens. In the production departments, where employees work on assembly lines or do shift work, we pay attention to having constant changeovers to reduce negative health effects. Health training, as well as information sessions on work-life balance or diet enable employees to protect and look after their health. The "Locker Tennis Club" or sponsored participation in various sporting events are all initiatives aimed at supporting our employees in their healthy leisure activities.



Health care: occupational health support

Occupational health is an important element in any company, ensuring we carry out exams

periodically for those employees who suffer from safety and health risks at the work place. These works may be working during the night shift, or can be found lifting and carrying weights or even simply be exposed to loud sounds. The exams don't only serve the purpose of achieving a good state of health, but are also used as a preventive measure to boost health. During a monitoring phase, occupational health doctors analyse a patient's health and physical limitations and will prescribe protective measures to contrast the situation in a timely manner.

Ready for any emergency

A trained emergency response team is ready to spring into action across all our locations if need be. They will step in when medical or technical accidents occur and provide professional assistance. The emergency response team is composed, among others, of employees trained in first aid and voluntary firemen, fire and evacuation managers and a team leader. Everyone in the team regularly participates in specific training sessions and workshops as well as practice drills.

"As a family-owned company we are wholeheartedly committed to our company locations and take our social commitment very seriously."

Locker Management



We are people persons, and it shows

Engaging in the region's communities

For us, corporate responsibility also means commitment to our social and cultural environment. We want to contribute towards shaping an environment that is worth living in and prepared for the future. This strengthens the region's profile in terms of location competitiveness and increases the quality of life and job opportunities for the people living there and our employees. As a local family-owned company we are wholeheartedly committed to our company locations and take our social commitment very seriously. By paying our contributions and taxes, which we pay where we are actually working and generating value, we are making a significant contribution towards local sustainable development.

Contributions towards regional development

Our main factory in Unterinn on the Ritten and our plant in Heinfels in East Tyrol are located in the rural periphery, away from the urban centres of the region. These areas, in particular, are increasingly facing the challenge of emigration. Especially young, well-educated people here are looking for jobs with scope for



development. In addition, there are only limited job opportunities available in these communities, which leads to a high level of commuting among other things. As an international and leading innovative company, we are making an important contribution to regional development. On the one hand, as a local employer Loacker creates and secures numerous jobs in structurally weak areas. On the other, we offer jobs for a variety of professional qualifications that are hard to find in a region that is predominantly characterised by agriculture and tourism.

Research and Innovation

Regionally, we have a pioneering role in the areas of innovation and international collaboration. Through our activities knowledge is transmitted throughout the region and the business locations of South and East Tyrol are developed further. This drive for innovation also helps to shape a modern and sustainable knowledge-based society and establish an international network in a region that is predominantly characterised by agriculture and tourism.

We offer interns and university students numerous opportunities in the company to deepen their research or put it into practice.

In 2010, this spirit of innovation and contribution to a positive future for the region earned Christine Zuenelli-Loacker, co-founder of the family business and member of the board, the merit award of the province of Tyrol, "Great Order of the Tyrolean Eagle in Gold".



Cultural commitment: renovation and revitalization of the Heinfels Castle

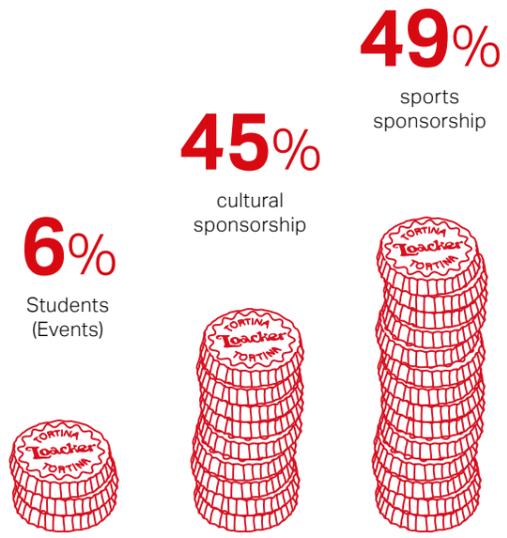
Heinfels Castle is a vast fortress above Heinfels in East Tyrol. The strategically located fortification is a striking landmark of the Eastern Puster Valley and a cultural and historical jewel. Together with the "Heinfels Castle Museum Association" we are dedicated to revitalising this historic building. From 15 July 2020 the completely renovated castle will be open to the public again. The largest part of the castle complex houses the museum, which can be experienced on guided tours. In a second construction phase, the gastronomic part of the west wing will be completed in a few years. An ambitious goal has been achieved, considering the ruinous initial state of the imposing complex, which has been more or less left to decay over the past decades



Sponsorship

We are active as sponsors, especially in sports, where we promote regional sports teams and youth sports. We are the main sponsor of the handball club SSV Bolzano Loacker (Italian Champion 2018/19) and co-sponsors of the ice hockey team of the club "Hockey Ritten" which competes in the European "Alps Hockey League" and is based on the same mountain plateau as our main production facility. We also support larger sports events of national interest and with a broader impact.

At regional level, we operate as a product sponsor, both for cultural events and for initiatives that further the common good, such as club celebrations. Product sponsorship allows us to support a greater number of local clubs and to achieve a geographically balanced distribution of our sponsorship activities.



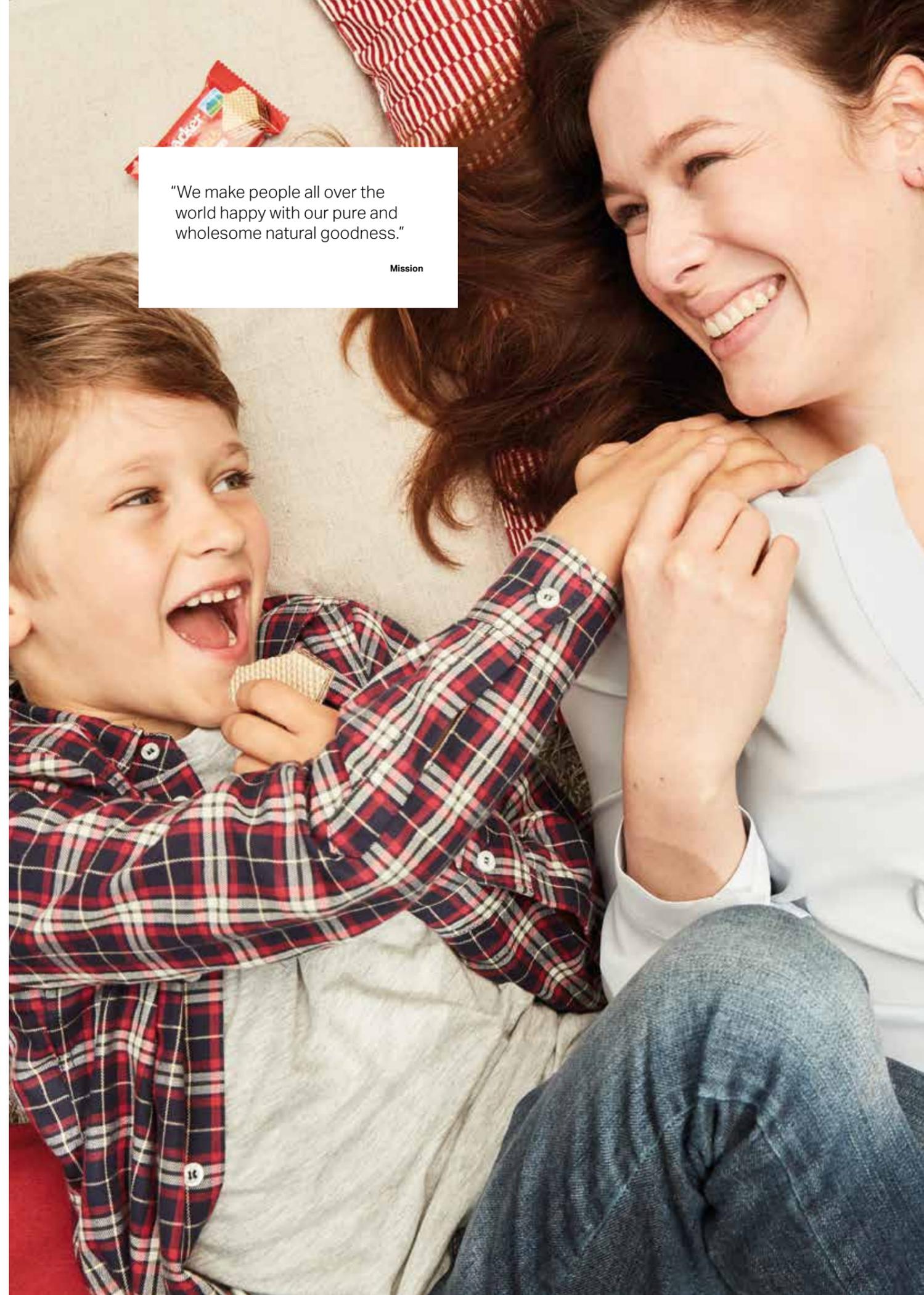
Sponsorship by sector



Sponsorship - South Tyrol



"We make people all over the world happy with our pure and wholesome natural goodness."
 Mission



Generations of natural goodness

Company profile



In 1925, Alfons Loacker takes over the confectionery business of his retired boss in Bolzano (South Tyrol/Italy) and thus begins making fine confectionery and dry baked goods for the first time under his own name and own brand. Increasingly, he specialises in the production of wafers and cream in the old Austrian tradition. From then the business has grown to become the internationally known brand Loacker that is present in more than 100 countries. Today, we are one of the leading confectionery manufacturers in the high-quality wafer, patisserie and chocolate specialties segment. Especially in the last few years, the company has been able to expand internationally and grow its market,

which has led to constant growth for the business. Nevertheless, we continue to be a down-to-earth family business that is extremely successful on the basis of its 90-year-long tradition and product quality.

Quality a priority for generations

The highest quality standards drive our thinking and actions: the best natural raw materials, quality recipes, as well as gentle processing methods employing the latest production technology, have guaranteed our product quality for generations. Satisfying the demands of our global

sales and distribution partners and fulfilling the expectations of consumers, in particular, is what motivates us time and again. Intensive research and development, as well as improving our technological expertise and our products, allows us to consistently strengthen our position in the core markets of wafers, premium pastries and chocolate. When we open up related market segments, we always maintain our high quality standards and thereby maximise synergies. Every employee is encouraged and challenged to take on personal responsibility for improving and developing the performance in their area of competence.

Fairness and long-term cooperation

We attach great importance to fair competition, solid and long-term business relationships with our customers and suppliers and to working in partnership with many stakeholder groups. Operating internationally as we do, the company works together with people from different cultures and speaking many languages. We believe that understanding and respecting the mindset of others, approaching each other openly and honestly and valuing our interaction with one another are the basis for mutual growth and profitable collaboration.

Sustainable growth

Take on economic and environmental responsibility

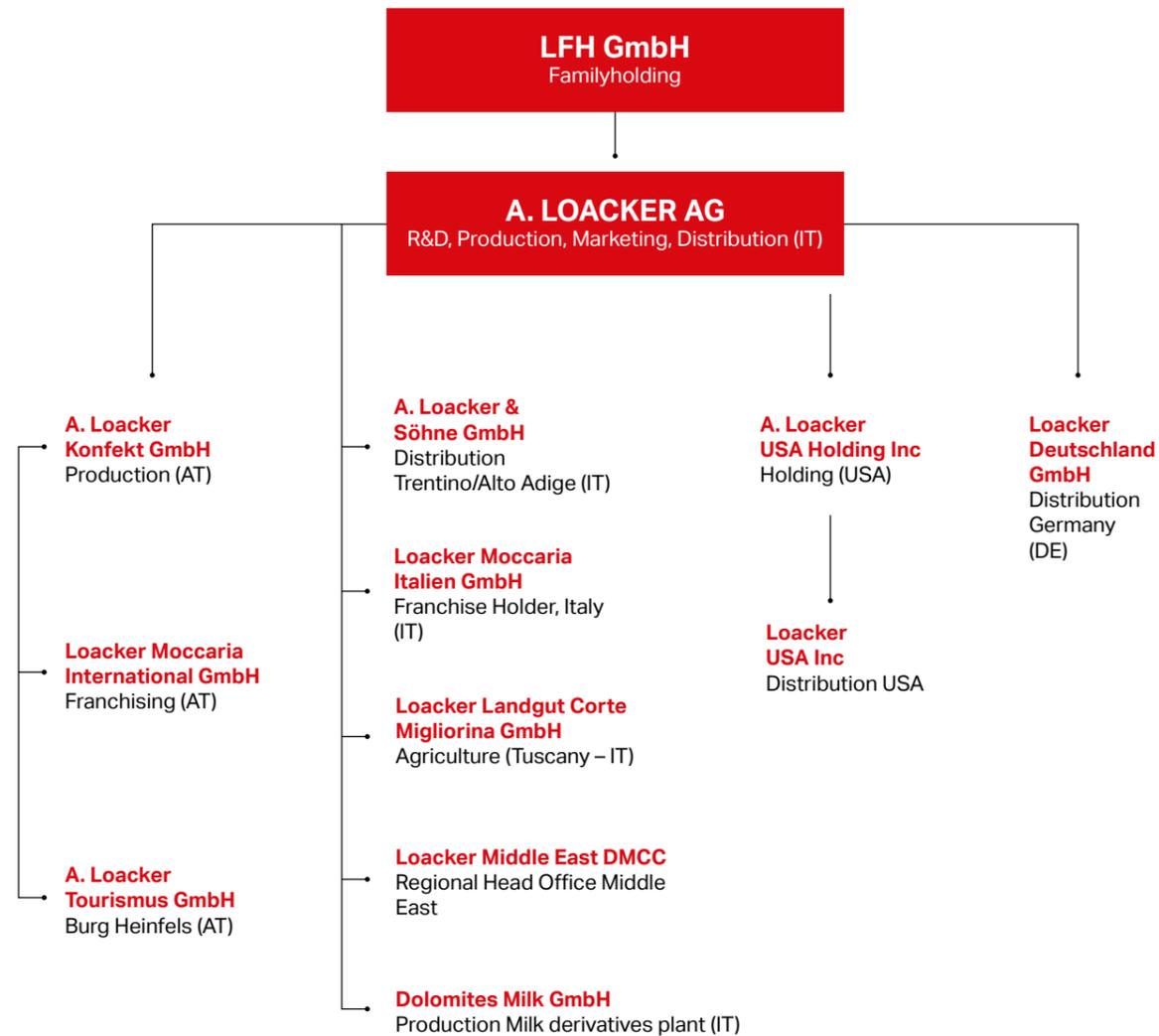
Healthy and sustainable growth, risk diversification, profitability and mostly equity financing guarantee stability and thus the independence of our family business. We have always focused on a solid capital base. This allows us greater independence from financial markets, while on the other hand safeguarding the necessary financial flexibility to take advantage of investment and growth opportunities and to survive times of crisis unscathed. In order to maintain this capital base, members of the business family as well as company shareholders have for the most part always done without dividend payments. Instead, the profits made are invested in the company. Due to the high levels of capital, this is essential in order to finance the continued growth with our own funds.

In addition, we see ourselves as a responsible member of the local economy and as part of the population. Therefore, we do not pursue an aggressive tax policy whereby we transfer profits to low-tax countries. Instead, we pay our taxes where we are actually operating and thus create added value.

We also see it as our duty and as a daily challenge to be aware of our environmental responsibility. We are convinced that an environmentally friendly approach to business will bring benefits in the long term. This applies to the resource-saving and low-emission set-up of our production processes and sites, as well as to the sourcing of our raw materials and to the closure of the materials cycles in terms of our packaging materials.



Overview of the Locker Group

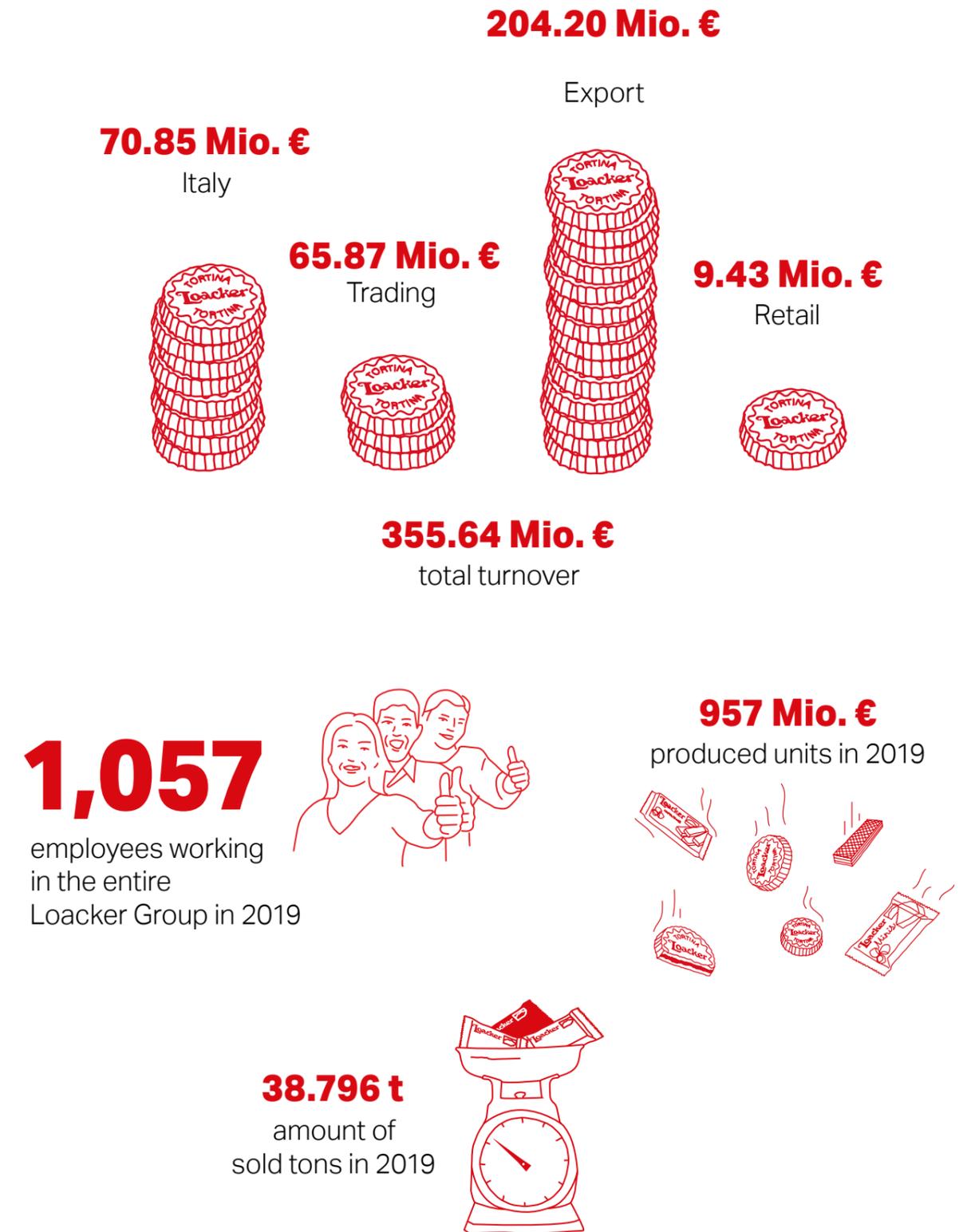


The development of the Locker Group is marked by continuous international market expansion, as well as diversification and innovation of products. In 1925, the confectionery business was founded by Alfons Locker and wafer production was started. The second generation, son Armin Locker and daughter Christine Locker Zuenelli, took the helm in 1958, embarking on a shift towards the standardised and mechanised production of wafers.

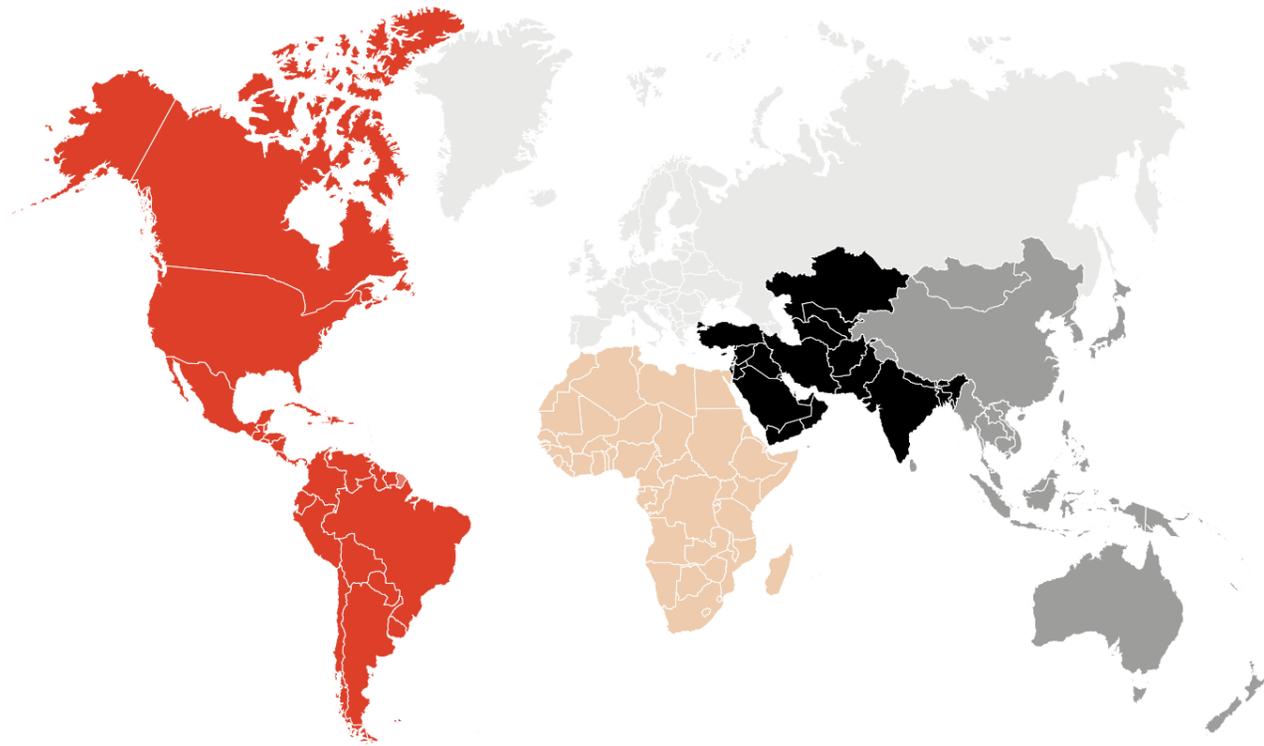
with in northern Italy, and just four years later saw the start of global exports. Strong growth markets are currently the Middle East and Asia (in particular, China and South Korea), as well as Europe. The retail business started up with the opening of the first Locker Cafes, then called Locker Points of Sale which included the Locker Moccaria and Locker BrandStore in December 2007. Locker Retail is also on course for international expansion

The wider distribution of Locker wafers began in 1975, to begin

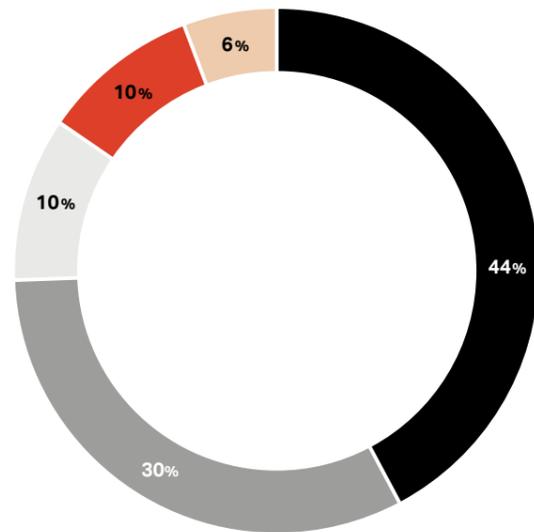
Locker: an overview



The key figures refer to the year 2019.



- 1 Middle East / Central Asia
- 2 Asia Pacific
- 3 Europe (ex Italy)
- 4 America
- 5 Africa



Locker product portfolio

Products, retail and distribution partnerships in Italy



Locker offers a wide range of high-quality wafer, patisserie and chocolate specialties. The principles for Locker products are defined in the brand strategy:

Highest quality standards

The raw materials used and the manufacturing process must satisfy the defined quality standards in order to preserve the product characteristics until consumption. The necessary conditions and measures are systematically safeguarded throughout the entire value chain. Cost reductions must never be at the expense of quality.

Unique taste

In addition to the best raw materials, balanced recipes and careful processing serve to create the best characteristics for consumption for all Locker products.

Maximum naturalness

The raw materials and ingredients must be as natural as possible and carefully processed. No artificial additives of any kind are used.

Wholesomeness for consumers

By using natural raw materials, balanced recipes and gentle processing, we are able to manufacture truly wholesome products. The aim is to combine taste and wholesomeness so that consumers can enjoy our products without any negative consequences as long as they don't consume them excessively.

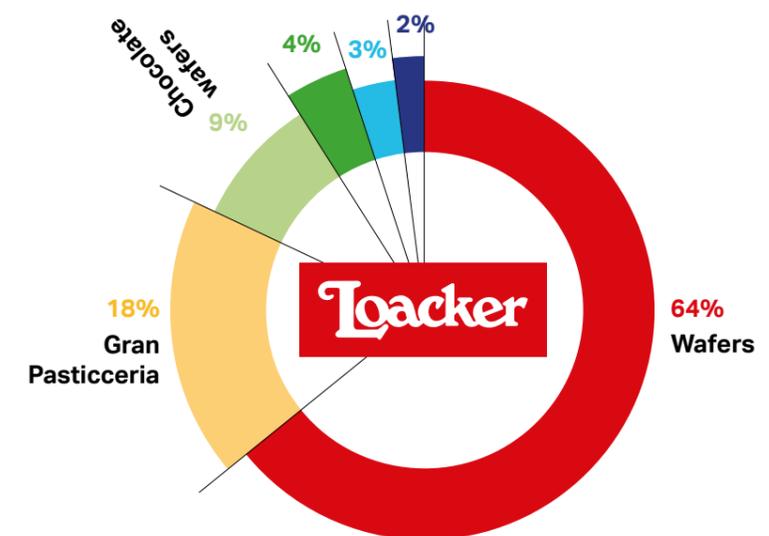
High-quality wafer and chocolate specialties

Locker product portfolio

The Locker product portfolio has been expanded beyond the classic wafers to patisserie specialties, chocolate snack bars, chocolates, chocolate bars and cream spreads. The entire Locker product range, including gift and seasonal items as well as custom products, comprises around 200 items. The development of each new product is in line with the Locker brand. Although our product range is broad, we ensure that it is uniform across all markets. Regional and country-specific varieties are avoided.



Strategic markets



Locker Café

Cafe and Brand Store under one roof



You can experience the whole Locker universe upon crossing the threshold of a Locker Store. Taste delicious coffees and heart-shaped wafers, amazing breakfast choices and delicious ice cream creations. Many of the dishes and beverages are combined with the well-known Locker creams, which can also be found in the traditional wafers.

Besides the wafer creations, the cafe also stands out for its very own coffee mix as well as its homemade ice cream. The Brand Store features over 200 Locker wafer and chocolate products as well as exclusive gift ideas and limited editions. Experience the wafer variety in the Locker Store, a fun experience for all ages.



Locker as as distribution partner

for international brands in Italy

South Tyrol is located in the heart of Europe. Its location in northern Italy on the border with Austria and Switzerland makes the region a bridge between Italian- and German-speaking countries. The multilingualism of its inhabitants (64% of South Tyroleans are native German speakers, 25.84% of Italian mother tongue, 4.52% belong to the Ladin minority), as well as its geographic location make South Tyrol an ideal location for international companies operating in Italy. As a result, Locker has acted as the distributor of the international brands Twinings, Ovaltine, Pema, Darbo, and Lorenz in Italy. These distribution partnerships create synergies and allow for the efficient use of existing resources, for example, in the areas of distribution and transportation.



Production sites

Proximity to natural surroundings has been and still is a decisive factor in the selection of our production sites. Excellent water and air quality, as well as a dry, cool climate, are among the important factors underpinning our product quality. Protecting the environment is our priority. We aim to keep any negative effects on the environment generated by our production plants to an absolute minimum. We achieve this through the use of renewable energy and energy recovery systems, among other things.

Main plant in Unterinn (South Tyrol, Italy)

In 1974, the main Loacker plant was established in Unterinn on the Ritten at an altitude of approximately 1,000 metres above Bolzano with a production facility that has expanded over the years. The site is far away from any industrial centre, which is unusual. The decisive factor in choosing this location was the excellent spring water that is available here, as well as the high-quality mountain air. In addition to the production de-

partment, the in-house development and innovation centre, as well as the administrative headquarters, are located in Unterinn.

The production facility in Unterinn manufactures wafer and chocolate specialties, with the manufacturing processes geared towards flexibility and a wide range of products. In addition, half-finished products, such as hazelnut and coconut paste, as well as confectionary products for the Loacker Stores are made here.



Bolzano (South Tyrol, Italy)

All gift packaging, marketing and advertising materials are made at the Bolzano site.

Heinfels (East Tyrol, Austria)

In 1999, a second Loacker production plant was opened in Heinfels in East Tyrol (Austria) at an altitude of more than 1,000 metres. Wafer products are made here, with the manufacturing processes designed for high volume and performance. The Heinfels site is also home to the Loacker World of Goodness with its pastry workshop and to a Loacker Store.



Milk derivative plant 'Dolomites Milk GmbH' in Vintl (South Tyrol/Italy)

As of November 2019, milk and whey derivatives will be processed into powder at the milk derivative plant. The raw materials will be sourced from nearby areas in the Alps. Loacker will be using this powder to produce its products. The cooperation with a South Tyrolean milk cooperative brought about a fresh new wave of synergies.



Migliorina and Collelungo (Tuscany, Italy)

Migliorina and Collelungo are home to two agricultural companies used for the plantation of hazelnuts. The entire surface amounts to 270 hectares.



Developing the Locker Brand.

Corporate policy and management

The Locker brand is the most valuable asset of the Locker Group. It allows us to build long-term ties with our customers, to successfully market our products, to achieve healthy growth and to secure our leading market position. With the right management, the Locker brand guarantees sustainable profitability. We constantly endeavour to continue the success of the past, to make decisions and to act in line with the Locker brand and thereby strengthen it each and every day. In 2006, the company management launched a brand management process that provides the necessary tools. All company and brand management tools were integrated into a mandatory organisational structure.

Mission

We make people all over the world happy with our pure and wholesome natural goodness.

Vision

The Locker brand should touch all people around the world.

We are the leading global brand for high-quality wafer, patisserie and chocolate specialities and a synonym for pure and wholesome natural goodness.

Staying close to our consumers and listening to their needs constantly drives and motivates us in our pursuit of innovation and diversification.

This allows us to meet our responsibilities to people and to nature, all along the value creation chain.



The Genetic Code of the Locker brand

is the success pattern of the brand. It includes all the genetic building blocks that have led the company to success and depicts them in a strict order of cause and effect. This also provided the source for the positioning of the brand. It remains valid in the long term and therefore constitutes the benchmark for all current and future actions.

To make the contents of the Genetic Code accessible to all employees for their specific remit, it was complemented by the brand strategy which conveys it in separate paragraphs for every department or service. It serves as a guideline for dealing with the brand in all business processes and thus guarantees a self-similar evolution of the Locker brand.

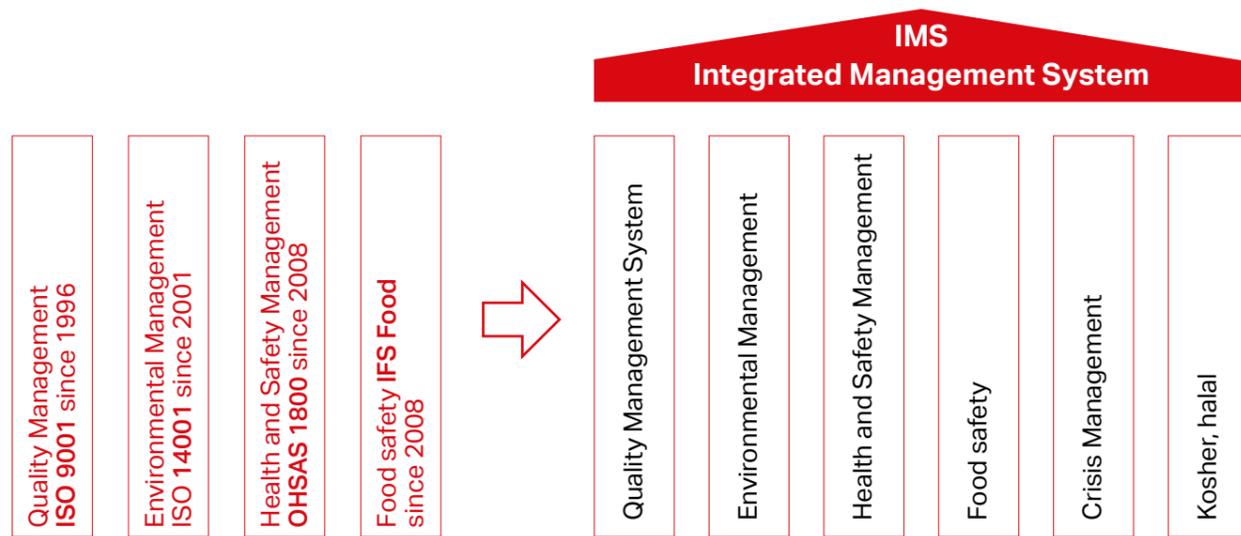
The Brand Strategy

is to be understood as a guideline in all business processes for daily operations involving the Locker brand. Thereby, all employees have access to rules and guidelines that allow them to manage the shared success. The brand strategy is binding for all employees and is valid for all areas of the company worldwide. The framework provides enough freedom for creativity and individual initiative to flourish.

Functional Strategies and Integrated Management System

Locker operates in a constantly changing environment. The company grew strongly in recent years as a result of its growing international presence and its

moves into new areas of business. This requires organisational and staff adaptations, integrated management and the integration of all business areas within the entire group. In 2011, all management tools were bundled into an Integrated Management System (IMS). The IMS supports holistic company management, takes advantage of synergies and avoids duplication or conflicting regulations. In 2013, as part of a macro-organisation the group was reoriented and a new department for cultural, organisational and staff development was added.



Functional strategies and their management systems/instruments

Quality and food safety policy/customer requirements

IFS Food Quality Management ISO 9001
 HALAL
 Kosher
 HACCP
 Ecolable

Environmental policy

Environmental Management ISO 14001

Corporate Social Responsibility

Sedex/SMETA
 UN Global Compact

Occupational safety policy

Health and Safety Management OHSAS 18001

Branding

BRAND-ARCHITECTURE Brand Book product range architecture

Risikomanagementpolitik

Risikomanagement

Marketing policy

Product/range
 SALES/DISTRIBUTION
 Price/condition advertising sales
 Merchandising promotion

Innovation policy

Innovation Management

Financial policy

Financial Management

HR policy

Demand- and resource planning
 recruitment and induction
 EMPLOYEE DEVELOPMENT
 incentive-contribution systems
leadership development
 deduction of objectives

Crisis management policy

Crisis management system

Core Values for the Locker Group

The Core Values for the group of companies outline the main shared concepts

Light, natural taste

The focus of our business operations is to provide our consumers with a light, natural taste experience. The primary objective of our business is to anchor the Locker brand in the hearts and minds of our consumers worldwide as a synonym for unique quality and light, natural taste. It is a continuous challenge to develop the core characteristics of the brand in a self-similar way and to sustainably strengthen the benefits to the customer.

Highest quality standards

In order to achieve and consolidate our position as a leading international brand product, our thoughts and actions are characterised by the highest quality standards. Therefore, it is essential to continuously improve our products and services in line with the expectations of our internal and external customers. We expect all our employees to strive towards improving and developing themselves in accor-

dance with their responsibilities and to optimise their working environment and work processes in a customer-oriented fashion.

Environmental responsibility

We see it as our duty and a daily recurring challenge in our business operations to preserve nature and to be aware of our environmental responsibility. This comes from our deep conviction that an environmentally friendly approach to business will bring benefits in the long term.

Valuable employees

Our employees are crucial to the positive development of our company. Skills and experience, commitment and dedication, enthusiasm and passion are essential in order to meet the high expectations we and others have of us. We encourage professional and personal development and strive to create an environment in which employees can develop and grow,

find meaning, take responsibility and thus deliver a top performance.

Innovation and technological advantage

Intensive research and development, development of our technological expertise and innovation allow us to consistently strengthen our position in the core markets of wafers and premium pastries and move into related market segments while maintaining our high quality standards and the highest possible level of synergy.

Uniqueness

For generations the unique quality of our products has been guaranteed by the use of the best natural raw materials, quality recipes, as well as gentle processing with the latest production technology. Sound natural surroundings are a decisive factor in the selection of our production sites. The water, air and climate found in the mountains are important factors underpinning our quality.

Fairness and long-term cooperation

Our public image is marked by fair competitive behaviour, solid and long-term business relationships with customers and suppliers and good cooperation with public institutions. As an internationally oriented company, we work together with people from different cultures and speaking many languages inside and outside the company. We believe that understanding and respecting the mindset of others, approaching each other openly and honestly

and valuing our interaction with one another are the basis for mutual growth and profitable long-term collaboration..

Independence

Healthy growth, risk diversification, profitability and mostly equity financing guarantee our financial stability and long-term independence as a family business. We always want to decide ourselves how to develop our company further.

The Schlern Mountain

Looking from the main production facility in Unterinn to the opposite mountain side you will immediately notice the Schlern - a legendary massif in the Dolomites. The mountain stands for tradition, naturalness and honesty, and Locker represents these principles with its products. Therefore, the Schlern is depicted as a symbol on all Locker product packaging.



About this Sustainability Report

This is the second, up-to-date edition of the Locker Sustainability Report. The information contained therein concerns all the subsidiaries and branches of the Locker Group. The reporting period and most of the indicators cover the years 2009-2019.

Core Option. We also report on other indicators and topics that are highly relevant to Locker's sustainability priorities. The Locker Sustainability Report will be updated every two years.

We followed the guidelines of the Global Reporting Initiative (GRI) as the internationally recognized basis for comparability and transparency. The report is based on the GRI G4 guidelines, which are binding from 2016 onward. The editorial team focused on the content and performance indicators that are most significant for the company. In establishing materiality, we took into consideration the relevance of management for the company and the expectations of our stakeholders. We plan to broaden the indicators to monitor and steer the sustainability performance. The report is in line with the so-called

All references to people use wording that applies to both genders even if

the masculine form is used for easier reading.

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GRI-indicators

General standard information

Strategy and Analysis	
G4-1 Preface by the management	p. 6
G4-2 Impacts, risks and opportunities	Sustainability within the company, p. 11
Organisational profile	
G4-3 Company name	Company, p. 64
G4-4 Brands, products and services	Company, p. 72ff
G4-5 Head office	Company, p. 76
G4-6 Sites	Company, p. 78
G4-7 Ownership and legal form	Company, p. 66
G4-8 Markets	Company, p. 68
G4-9 Business size	Company, p. 66, Employees, p. 54
G4-10 Total workforce	Employees, p. 54
G4-11 Employees with collective agreement	National collective agreements apply to all employees of the group of companies.
G4-12 Company's supply chain	Produktqualität mit Verantwortung, S. 22ff
G4-13 Significant changes in the size, structure, ownership of the business during the reporting period	Company, p. 87
G4-14 Implementation of the precautionary principle	Company, p. 78
G4-15 Participate in charters, principles, initiatives	Not specified
G4-16 Memberships in associations and special interest groups	Sustainability within the company, p. S. 19
Identified essential aspects and limitations	
G4-17 Companies taken into consideration	Company, p. 66
G4-18 Defining content of report	Sustainability within the company, p. 16ff
G4-19 Essential aspects	Sustainability within the company, p. 17
G4-20 Delineation of essential aspects within the company	Sustainability within the company, p. 12ff
G4-21 Delineation of essential aspects outside the company	Sustainability within the company, p. 12ff
G4-22 Reporting restatement	Not relevant as this is the first Loacker Sustainability Report
G4-23 Changes in the scope of the aspects	Not relevant as this is the first Loacker Sustainability Report
Involvement of stakeholders	
G4-24 Integrated stakeholders	Sustainability within the company, p. S. 18
G4-25 Identifying and selecting stakeholders	Sustainability within the company, p. 18
G4-26 Stakeholder involvement	Sustainability within the company, p. 18

G4-27 Issues and concerns raised by stakeholders	Sustainability within the company, p. 17
Report profile	
G4-28 Reporting period	p. 83
G4-29 Date of most recent previous report	p. 83
G4-30 Reporting Cycle	p. 83
G4-31 Contact point	p. 83
G4-32 GRI Contact Index Option	In accordance - Core
G4-33 External Assurance	No external assurance
Governance	
G4-34 Governance structure, decision-making committees and CSR	Company, p. 78ff
G4-35 to G4-55 Roles and responsibilities of highest governance body, governance structure, remuneration	Not required under selected GRI-Option
Ethics and Integrity	
G4-56 Internal mission statement, principles and codes of conduct	Company, p. 79
G4-57 Internal and external procedures	not required under selected GRI-Option
G4-58 Procedures for reporting concerns	not required under selected GRI-Option

Specific standard disclosure

ECONOMY	
Economic Performance	
G4-EC1 Economic value generated and distributed	Company, p. 6
G4-EC2 Financial implications due to climate change	No current risks or opportunities
G4-EC3 Coverage of the organisation's defined benefit plan obligations	Not reported
G4-EC4 Financial assistance received from Government	No indication
Indirect Economic Impacts	
G4-EC7 Impact of investments	Society, p. 60
G4-EC8 Examples of impact	Society, p. 60
Procurement practices	
G4-EC9 Proportion of local suppliers	Product quality with responsibility, p. 27
ENVIRONMENTAL	
Materials	
G4-EN1 Materials used	Product quality, p. 22ff, Environmental Protection, p. 35
G4-EN2 Proportion of alternative raw materials	Product quality with responsibility, p. 22
Energy	
G4-EN3 Energy consumption within the organisation	Environmental protection and responsible use of resources, p. 39
G4-EN4 Energy consumption outside of the organisation	Not reported

G4-EN5 Energy intensity	Environmental protection and responsible use of resources, p. 39ff
G4-EN6 Reduction of energy consumption	Environmental protection and responsible use of resources, p. 39ff
G4-EN7 Reductions in energy requirements of products and services	Environmental protection and responsible use of resources, p. 39ff
Water	
G4-EN Water withdrawal	Environmental protection and careful handling of resources, p. 40
G4-EN9 Impaired water sources	Not relevant as there is no impairment
G4-EN 10 Proportion of treated water	Not specified
Biodiversity	
G4-EN11- EN14 Sites in or near protected areas, impact on biodiversity, protected habitats and species	No sites are located in protected areas or in their immediate vicinity
Emissions	
G4-EN15 Direct GHG emissions	Environmental protection and careful handling of resources, p. 39
G4-EN16 Indirect GHG emissions	Not specified
G4-EN18 Intensity of GHG emissions	220 kg CO2 / ton produced
G4-EN19 Reduction of GHG emissions	Environmental protection and careful handling of resources, p. 39
G4-EN120 Emissions of ozone-depleting substances	This indicator is not relevant due to the low levels of emissions produced.
G4-EN21 Nitrogen oxides, sulfur oxides and other significant air emissions	This indicator is not relevant due to the low levels of emissions produced.
Waste water and waste	
G4-EN22 Total waste water	Environmental protection and careful handling of resources, p. 40
G4-EN23 Total weight of waste	Environmental protection and careful handling of resources, p. 40
G4-EN 24 Number of cases and extent of environmental damage	No recorded cases
G4-EN25 Total weight of hazardous waste	Environmental protection and careful handling of resources, p. 40
G4-EN26 Water protection	Environmental protection and careful handling of resources, p. 40
Products and services	
G4-EN27 Reducing environmental impact	Environmental protection and careful handling of resources, p. 39
G4-EN28 Returned products and Packaging	Not reported
Compliance	
G4-EN29 Fines for non-compliance with environmental laws and regulations	During the reporting period, no fines were recorded

Transport	
G4-EN30 Environmental impact of Transport	Not yet assessed
Evaluation of suppliers with regard to environmental issues	
G4-EN32 Proportion of verified new suppliers	Product quality with responsibility, p. 30
G4-EN33 Verifying supply chain	Product quality with responsibility, p. 30
Complaints procedure for environmental issues	
G4-EN34 Number of complaints	No complaints recorded during the reporting period
SOCIETY	
Work practices and decent employment	
Employment	
G4-LA1 Total number of new employees and staff fluctuation	Employees, p. 55
G4-LA2 Company benefits provided only to full-time employees	We do not differentiate between full- and part-time employees.
G4-LA3 Workplace return rate after parental leave	Employees, p. 56
Employer-employee relationship	
G4-LA4 Minimum notice periods	Not relevant
Occupational health and safety	
G4-LA5 Formal employee committees	Office for occupational health and safety
G4-LA6 Number and type of accidents	n/a
G4-LA7 Risk of illness	n/a
G4-LA8 Union involvement	n/a
Training and further education	
G4-LA9 Scope of training and further education	Employees, p. 52
G4-LA10 Further education programmes	Employees, p. 52
G4-LA10 Further education programmes	Employees, p. 52
Diversity and equal opportunities	
G4-LA12 Gender, age groups, minorities	Employees, p. 54
Men and women	
G4-LA13 Gender-specific pay differences	Pay data are not published
Evaluating suppliers with regard to their working practices	
G4-LA14 Proportion of verified new suppliers	No suppliers were evaluated with regard to their working practices
G4-LA15 Assessed actual and potential negative effects on the supply chain	Not yet assessed

Complaints procedure regarding working practices	
G4-LA16 Number of complaints	No complaints
Human rights	
Investments	
G4-HR 1 Investment projects assessed in terms of human rights	No investments in regions where the human rights situation is of concern
G4-HR2 Human rights training for employees	No special training on human rights
Equal treatment	
G4-HR3 Cases of discrimination	No cases during the year in question
Complaints procedure	
G4-SO1 Involving local communities at the company sites	No recorded complaints
Society	
Local communities	
G4-SO1 Involving local communities at the company sites	Society, p. 61
G4-SO2 Impact of business operations on local communities	Society, p. 61
Fighting corruption	
G4-SO3 Verified sites	Continuous checks by auditors and financial controlling eliminate the risk of corruption
G4-SO4 Anti-corruption training	No training
G4-SO5 Cases of corruption	No cases within the company
Anti-competitive behaviour	
G4-SO7 Number of proceedings due to anti-competitive behaviour or attempts to create cartels and monopolies	No recorded sanctions
Compliance	
G4-SO8 Sanctions for non-compliance with laws and regulations	No recorded sanctions
Evaluation of suppliers with regard to social impacts	
G4-SO9 Proportion of verified new suppliers	No evaluation
G4-SO10 Supply chain	No evaluation
Product responsibility	
Customer health and safety	
G4-PR1 Gesundheits- und Sicherheitskontrollen	Produktqualität mit Verantwortung, S. 32
G4-PR2 Anzahl von Vorfällen	2 Fälle von nicht korrekter Auslobung
Kennzeichnung von Produkten und Dienstleistungen	
G4-PR3 Product-labeling obligations	Compliance with all national and international laws
G4-PR4 Number of cases/sanctions	No sanctions

G4-PR5 Customer satisfaction surveys	Product quality with responsibility, p. 32
Advertising/marketing	
G4-PR6 Sale of prohibited/questionable products	No recorded cases
G4-PR7 Non-compliance with regulations	No recorded cases
Protection of clients' privacy	
G4-PR8 Number of complaints	No recorded complaints
Compliance	
G4-PR9 Number and amount of fines	No recorded fines

Che bontà!™

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