

NON-FINANCIAL REPORT  
OF THE CCC GROUP  
FOR 2019

# CCC EXPERIENCE



CCC  
EXPERIENCE  
SCIENCE

NON-FINANCIAL REPORT OF THE CCC GROUP  
FOR 2019



# LETTER FROM THE PRESIDENT OF THE MANAGEMENT BOARD

*Ladies and gentlemen, we are proud to present the next Sustainability Report of the CCC Group, describing our activities and the challenges we successfully met last year.*

[GRI 102-14, 102-26, 102-27, 102-32, 102-46, 102-54]

*The Report was prepared in accordance with the internationally recognized Global Reporting Initiative (GRI) Standards and is a part of our annual report, in compliance with the requirements of the Accounting Act and the European Commission Guidelines.*

*Sustainability is one of the pillars of our GO.22 strategy and a very important area for the entire Management Board, which is committed to planning and implementing the objectives set for the entire CCC Group. We are aware that we can achieve such ambitious goals only through the systematic, consistent and cooperative approach of all departments. The CCC team intends to be one of the leaders in sustainable development and a model for other companies which are planning to take such actions.*

*Corporate social responsibility is an increasingly important theme for our stakeholders: customers, investors, and employees. We see how consumer demands are changing, especially in Western Europe. Customers are increasingly paying attention to recycled products, eco-leather, and manufacturing processes based on the Fair Trade concept. In turn, investors, especially foreign investors, often take into account sustainable development in their decisions and appreciate managers being aware of the huge impact that modern business has on social development, the environment, and even cultural changes. In the face of the growing climate crisis, it is important for investors, banks and insurers*

*how we manage the risks associated with the changing climate and to what extent we try to reduce the environmental footprint of our business.*

*We are a large market player, aware of our responsibility to use natural resources rationally. In our strategy, we are committed to minimizing the environmental impact of the CCC Group's operations, to reducing waste, energy consumption and greenhouse gas emissions, building environmental awareness, managing our supply chain cost-effectively and investing in an environmentally responsible manner. We are confident that our adherence to these principles will bring long-term benefits not only for us but also to future generations.*

*The main strategic objective which we want to achieve by 2021 is to reduce the emissions of pollutants to the environment by 5% in each of the three areas: electricity consumption, greenhouse gas emissions and waste generation (compared with the average for 2015-2017). We have already implemented a system for managing environmental indicators and a plan for their systematic reduction. We have developed assessment and evaluation tools that relate both to areas where many projects have already been carried out and to those on our emerging new paths. These are very important tools that will help us to review our strategic objectives, see and measure the areas of environmental damage and poor management of our resources, and above all, to quickly take corrective actions and check their effectiveness.*

*Today, 90% of the waste generated by the CCC Group is recycled. There are no plastic bags in CCC stores or online sales. We use only recycled paper packaging and eobuwie.pl uses only ecological boxes and shipping packaging. Through these efforts we follow the expectations of customers who are increasingly conscious of the environment and require specific action to be taken by businesses in this area.*

*We are also striving to reduce energy consumption and greenhouse gas emissions – our new projects employ energy-efficient technologies, we are shifting to smart building*

*management systems and are using energy from renewable sources, including our own solar panels. By implementing these solutions and improving energy efficiency, we are achieving two goals: we reduce our environmental footprint and we lower the costs of our operations.*

*At our Research and Development Center (CDR), we work on projects that optimize consumption of materials and reduce waste. These include innovative product packaging concepts, new ways of distributing footwear, and a sealing device prototype for shoe packaging. We have introduced a Suppliers Code of Contact, which is a mandatory annex to the contracts with our partners. We oblige our sub-contractors to comply with environmental regulations and to respect and care for issues related to raw material savings.*

*We are very happy to see that our customers are already starting to appreciate our CSR activity. CCC is very active in this area. We are proud to be the only Polish company to be a global partner of UNICEF. Blue wristbands are available at our stores, and every sold band is a measurable help for children from developing countries. Additionally, our CCC Team cyclists pedal 'blue' kilometers during their trainings and competitions. The calculation is simple: 1 km = 1 dollar. Last season, we donated close to USD 350,000 to UNICEF, thanks to our athletes. And we keep going.*

*We also have our employees and the local communities in mind. We actively participate in projects aimed at building environmental awareness and we believe that this will create proper social ethics. We also support employee volunteering. In 2019, we implemented numerous projects related to education, culture, sports, safety, and environmental protection. I am grateful to our employees not only for their responsible and creative approach to professional duties but also for devoting their free time to other people. This is important and good, and we will continue to support them in their volunteering efforts.*

*2019 was a very busy year for us. We integrated new companies, underwent a digital transformation, implemented more than 70 new IT systems, and above all, launched the CCC mobile application and e-commerce service, which are becoming additional platforms of our communication with customers. This year we have embarked on a new, ambitious plan to obtain a high MSCI ESG rating. This rating is given to companies around the world and is an assessment of sustainable development factors such as environmental protection, corporate social responsibility and corporate governance. Two years ago, when we first appeared in this ranking, we were rated BB. Last year our rating was raised a notch higher, to BBB. We are at the half-way mark now and we are striving to join the prestigious Group A by 2022, which comprises world leaders in sustainable business development.*

*We are proud of the awards for our successes in the area of sustainable development we received last year. In this Report, we present the results of our activities but also the objectives to which we will devote the next three years of work. The CCC Group's strategy is ambitious, but it must be so if we want to contribute to building a globally sustainable future.*

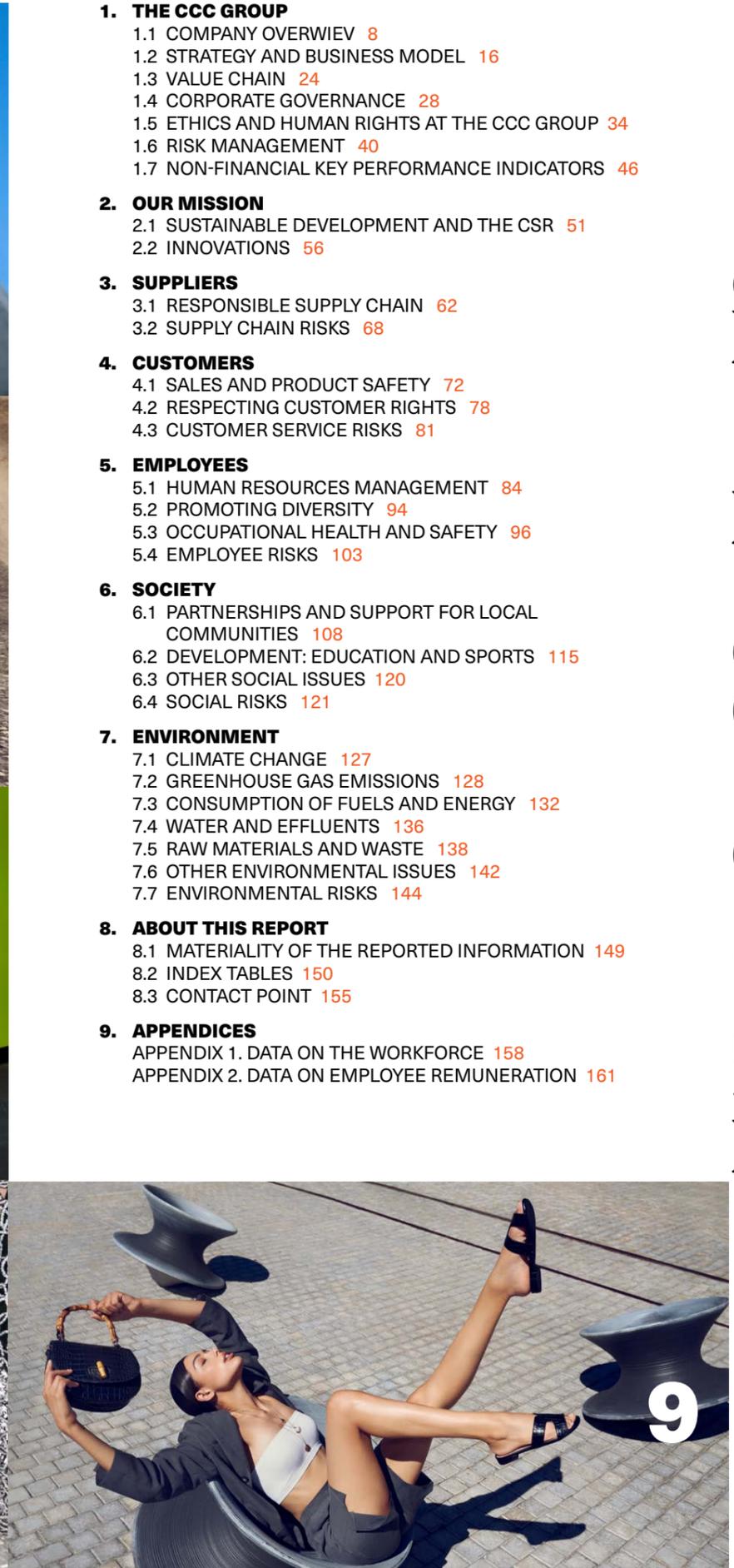
*Our current and future successes would not be possible without the cooperation and communication we have with our stakeholders, and in particular with our employees, for which I sincerely thank each and every one of them. I hope that you will continue to share your suggestions and comments with us so that we can create things, events and ideas of real value together.*

Sincerely,

**Marcin Czyczerski**  
President  
of the Management Board

**Mariusz Gnych**  
Vice President  
of the Management Board

**Karol Pótorak**  
Vice President  
of the Management Board



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# THE CCC GROUP

1

# THE CCC GROUP

## 1.1 COMPANY OVERVIEW

[GRI 102-1, 102-2, 102-3, 102-4, 102-6, 102-7]

The CCC Group is the undisputed leader in footwear retailing in the CEE region, with market shares of about 20% (30% in Poland alone), and one of the largest shoe manufacturers in Europe. Through its subsidiary eobuwie.pl S.A., CCC is also a leading e-commerce retailer in Central and Eastern Europe.

CCC stores are located in Poland, Slovakia, Hungary, Czech Republic, Austria, Bulgaria, Slovenia, Croatia, Russia, Serbia, Romania and Switzerland (on the latter market they operate under the brands Vögele Shoes and Bingo). The chain is supplemented by franchise stores in Moldova, Estonia, Kosovo, Lithuania, Latvia and Ukraine, Qatar, United Arab Emirates, Saudi Arabia, Bahrain and Oman. The Group also sells goods online through the eobuwie.pl stores on 15 markets (Poland, the Czech Republic, Romania, Hungary, Slovakia, Ukraine, Germany, Bulgaria, Lithuania, Greece, Sweden, Italy, Spain, France, Switzerland), the ccc.eu platform (Poland, the Czech Republic, Slovakia) and deezee.pl stores (Poland, Ukraine).

The CCC Group stands for:

**1,242 stores** located in modern shopping centres and malls or by important traffic routes in prestigious urban locations across 23 countries. That number includes: **985 CCC stores**, **22 eobuwie.pl stores**, **59 Gino Rossi stores**, and **179 Karl Vögele stores**,

over **15,000 employees**,

**2 own footwear factories** in Poland (in Polkowice and Stupsk),

some **52 million pairs of shoes** sold each year,

more than **258 million** customers visiting CCC brick-and-mortar stores each year,

**50 online sales platforms\***



The CCC Group is present in **29 countries**



e-commerce – online  
 x stores stores

Retail area	Dec 31 2019	y/y ('000 m <sup>2</sup> )	y/y (%)	Number of stores	Dec 31 2019	y/y
Own stores, including:	725.7	+83.2	13%	Own stores, including:	1,190.0	+91
• Vögele	81.3	-1.8	-2%	• Vögele	179.0	-18
• eobuwie.pl	11.9	+6.6	>100%	• eobuwie.pl	19.0	+10
• Gino Rossi	5.9	+5.9	+100%	• Gino Rossi	50.0	+50
Franchised stores	34.3	+16.7	>100%	Franchised stores	52.0	+26
<b>Total ['000 m<sup>2</sup>]</b>	<b>760.0</b>	<b>+99.9</b>	<b>15%</b>	<b>Total [number]</b>	<b>1,242.0</b>	<b>+117</b>

\* 33 website platforms and 17 mobile applications



## The CCC Group's headquarters are located in the Legnica Special Economic Zone in Polkowice.

The site includes office buildings, a modern logistics centre and a shoe factory. In Warsaw, CCC has its Regional Office and the innovative Creative City Concept showroom, dedicated to the promotion of the CCC Group brands among prominent personalities of the fashion world. Eobuwie.pl is based in Zielona Góra, where a new automated logistics centre was placed in service at the beginning of 2020. The facility, with an area of almost 40,000 m<sup>2</sup> and three storage levels, has a capacity for up to 5.5 million products. Employing state-of-the-art technologies, the centre has markedly enhanced the order processing capacity and opened the way to further growth.

The CCC Group has its own production plants in Polkowice (CCC Factory Sp. z o.o.) and Słupsk (Gino Rossi S.A.), where a part of its products is manufactured.

[PLN million]	2018	2019	Change y/y
Revenue	4,725.80	5,844.70	24%
Gross profit	2,366.70	2,888.60	22%
EBITDA	903.90	849.40	-6%
Net profit from continuing operations	223.50	18.40	-92%
CAPEX	-438.70	-496.90	13%

The table above presents financial key performance indicators for the CCC Group. [GRI 201-1]

### Market position and brand awareness

In accordance with the GO.22 strategy, the Group's sales structure is being constantly expanded in terms of product categories, and the diversity of its offer is intended to help customers find products that meet their expectations.

The CCC Group's share in the footwear retail market in Central and Eastern Europe is estimated at 20%, and in Poland at about 30%, which clearly gives us position No. 1 in this segment in the CEE region.

We have almost twice as many retail stores in Poland than our largest competitors. In addition, in our five key markets, which account for about 80% of the revenue, we are among the top three market players.

The main customer group for CCC is the mid-market consumer segment, currently the largest one on the Polish footwear market. CCC offers fashionable, good quality products at attractive prices and is perceived as the leader in terms of value for money. Through eobuwie.pl (over 500 brands) and the MODIVO clothing platform (over 150 brands), the CCC Group sells goods also in the higher-price and premium segments. With our wide range of goods, coupled with a unique multi-channel sales model including complementary platforms for reaching customers (e.g. brick-and-mortar stores, hybrid stores, online platforms, mobile applications, esize.me scanners, etc.), we are able to offer products in any way that is expected by customers.

The CCC Group plans to pursue further growth by building and strengthening its omnichannel approach to sales, further digitalisation of processes, and expansion of the product range.

### Key findings of surveys on the recognition of the CCC mark and the market position in 2019

1. Lasocki and CCC are the leading shoe brands in terms of unaided recall. The position of the CCC family brands, especially Lasocki, Gino Rossi and DeeZee, is rising.
2. Consumer awareness of all CCC family brands has increased.
3. The reach of the CCC family brands, understood as purchasing frequency, is constantly growing, with the largest improvement seen in the case of CCC, Gino Rossi, Lasocki, Jenny Fairy, and eobuwie.pl.
4. CCC stores continue to be the preferred place for footwear purchases in Poland. Lasocki is the only brand with a growing percentage of customers declaring it as their most frequent choice among brands. The awareness of the Gino Rossi brand is growing (the level of regular purchases has remained unchanged so far).
5. CCC and Lasocki are one of the most frequently considered shoe brands in Poland. 60% of Poles consider buying shoes from CCC.

## History

- The 1990s** ○ **Firma Handlowa 'Miłek' is established** and engages in retail and wholesale trade in footwear. The owner is Dariusz Miłek, the future founder of the CCC Group.
- 2001** ○ **A new warehouse facility and corporate headquarters are put into use** in the Legnica Special Economic Zone in Polkowice.
- **The footwear factory CCC Factory Sp. z o.o. is established** and production starts.
- 2004** ○ **CCC Sp. z o.o. (limited-liability company) is transformed into CCC S.A. (joint stock company).** Following a public offering, **it is listed on the Warsaw Stock Exchange on December 2nd 2004.** The main shareholder is Dariusz Miłek, who becomes the CEO.
- **Right after floating on the WSE, the first foreign subsidiary is established – CCC Czech s.r.o.** based in Prague. The company's core business is the distribution of goods on the Czech market.
- 2010** ○ **CCC achieves PLN 1 billion in revenue.**
- 2011** ○ **The Logistics Centre located in the Legnica Special Economic Zone in Polkowice is completed,** the company's largest investment project to date.
- **The modern and fully automated high-bay mini-load warehouse** with a total area of 23,050 m<sup>2</sup> **is the largest of its kind in Central Europe.**
- 2012** ○ **Dynamic expansion to new foreign markets begins:** in Slovakia and Hungary, followed by Austria, Croatia, Slovenia, Germany, Bulgaria, Serbia and other countries in the next years.
- 2015** ○ **CCC S.A. becomes part of the WIG20 blue chip index of the Warsaw Stock Exchange.**



**Membership of organisations and associations**  
[GRI 102-13, 102-12]

**RESPONSIBLE BUSINESS FORUM**  
[FORUM ODPOWIEDZIALNEGO BIZNESU]  
[odpowiedzialnybiznes.pl/](http://odpowiedzialnybiznes.pl/)

**JAN WYŻYKOWSKI**  
**UNIVERSITY CONVENTION**  
[KONWENT UCZELNI JANA WYŻYKOWSKIEGO] IN POLKOWICE  
[ujw.pl/index.php/wspolpraca/konwent-uczelni/](http://ujw.pl/index.php/wspolpraca/konwent-uczelni/)

**POLISH ASSOCIATION OF LISTED COMPANIES**  
[STOWARZYSZENIE EMITENTÓW GIEŁDOWYCH]  
[seg.org.pl](http://seg.org.pl)

**LOWER SILESIA EDUCATIONAL CLUSTER**  
[DOLNOŚLĄSKI KLASTER EDUKACYJNY] LSSE  
[lsse.eu/dolnoslaski-klaster-edukacyjny/](http://lsse.eu/dolnoslaski-klaster-edukacyjny/)

**BUSINESS EDUCATION FORUM IN WROCLAW**  
[FORUM EDUKACJI BIZNESOWEJ]  
[feb.ue.wroc.pl/](http://feb.ue.wroc.pl/)

**THE WITELON STATE UNIVERSITY OF APPLIED SCIENCES IN LEGNICA**  
[PAŃSTWOWA WYŻSZA SZKOŁA ZAWODOWA IM. WITELONA W LEGNICY]  
[pwsz.legnica.edu.pl](http://pwsz.legnica.edu.pl)

**THE ELECTRONIC ECONOMY CHAMBER**  
[IZBA GOSPODARKI ELEKTRONICZNEJ]  
[eizba.pl](http://eizba.pl)

# Highlights of 2019

## January

**A 66% stake is acquired in Gino Rossi S.A.** of Słupsk, which operates a network of own and franchise stores in Poland and abroad.

**A new IT architecture is put in operation.**

## February

**A 30.55% stake is acquired in Hamm Reno Group Holding S.á.r.L.** of Luxembourg, which is engaged in retail sales through almost 400 own Reno brand stores and wholesale through 2,000 points of sale.

**Dariusz Miłek resigns** as President of the Management Board of CCC S.A.

**The CCC mobile application is launched.**

**DeeZee brand products are available in the CCC Group's** sales channels.

## March

**Marcin Czyczerski is appointed as President of the Management Board of CCC S.A.**

**The Blue Kilometres campaign is launched.** Every kilometre travelled by CCC Team cyclists turns into 1 US dollar for UNICEF.

The Office of Competition and Consumer Protection and the Senate Team for Consumer Protection honour the company with the title of **Amicus Consumantium 2018**. CCC was recognised in particular for its engagement in amicable resolution of consumer disputes.

## April

Expansion to the Middle East – the first store in Qatar (Doha) with an area of more than 912 m<sup>2</sup>.

**The CCC mobile application makes it to the top three applications of the month** in Poland with very high user ratings, and attracts 65,000 new club members.

## May

CCC becomes **a signatory of the Diversity Charter**.

**The Company's Management Board is appointed** for the next (sixth) term of office for 2019–2021.

**An agreement is signed for the subscription for shares in the increased share capital of Gino Rossi S.A.**

A new **Supervisory Board is appointed**.

## June

**The ccc.eu online shop is opened.**

**The DeeZee Sp. z o.o. subsidiary enters new markets:** it kicks off sales in Ukraine through a dedicated website and launches a general English-language website for selling to most countries in Europe.

## July

**100% of minority interests in Gino Rossi S.A.** are acquired and the company is delisted from the WSE.

CCC becomes the first Polish clothing / footwear market player to offer **the voice communication functionality via Google Assistant to its customers**.

CCC becomes a partner of **the Academy of Capital Market Leader Academy**.

## August

**The Gino Rossi collection is launched** in almost 600 brick-and-mortar stores and online channels across 23 markets in Europe where the CCC Group is present.

**Marketing campaigns** of Gino Rossi, YOUNGSTERS | ESIZE.ME.

CCC becomes a member of **the Electronic Economy Chamber**.

## September

**Continued expansion in the Middle East:** Bahrain, Oman and Saudi Arabia.

**CCC wins the e-Commerce Poland Awards** competition in the Best on Mobile category for its mobile application CCC Shoes&Bags – on-line Shop.

**The Creative City Concept showroom opens in Warsaw** as a venue for the promotion of CCC brands to fashionistas.

## October

**The process of withdrawing plastic film packaging from CCC stores and the eobuwie.pl platform is completed.** From now on they use only recycled paper bags.

## November

An agreement is signed for the exercise of an option to acquire **a further 24% equity interest in the DeeZee subsidiary**.

**CCC wins the title of Top Brand 2019** – it ranks first as the best brand image in the footwear category.

## December

**The ccc.eu online shop is launched on the Czech and Slovak markets.**

**The CCC mobile application reaches more than 1 million downloads.** The application stays in the TOP 10 of shopping applications in Google Play and App Store and accounts for almost 30% of CCC sales in the e-commerce channel, which has been in operation since June. In 2020, the company intends to make the application available on foreign markets.

**Summary of the first year of the CCC's partnership with UNICEF.** Thanks to the support from CCC customers and the cycling team – CCC Team, we were able to transfer USD 2.2 m to UNICEF for the purpose of providing education to children in developing countries. The funds were used to build temporary schools and health centres, and to deliver School-In-A-Box kits to children.

## 1.2 BUSINESS STRATEGY AND MODEL

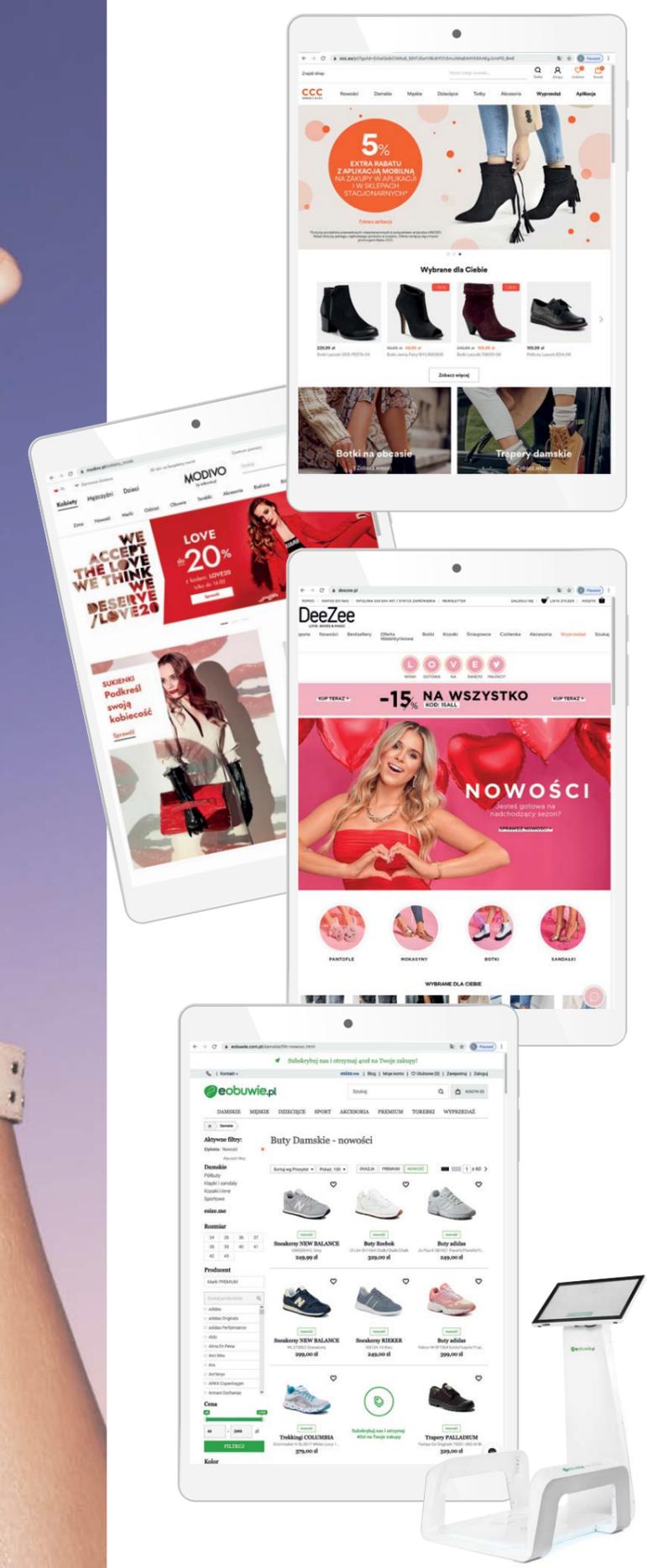
[GRI 102-2]

### Business model

The CCC Group is one of the largest and most recognised footwear market players in Europe and a leader in the CEE region with an estimated market share of about 20%<sup>1</sup>. The Group is currently present on 29 markets in Europe and the Middle East, offering primarily footwear and other complementary products (handbags, accessories, clothing) to retail customers.

The Group's business model is centred around a unique footwear retail ecosystem composed of more than 1,200 brick-and-mortar stores, more than 30 online platforms, hybrid stores, mobile applications, esize.me foot scanners, social media and other customer touchpoints.

### Omnichannel footwear retailing ecosystem at the CCC Group



<sup>1</sup> CCC estimates; countries included: Poland, Czech Republic, Hungary, Romania, Bulgaria, Slovakia

**Price positioning of the brands**  
[GRI 102-2]



Within its footwear retail ecosystem and complementary sales channels, the Group offers a wide selection of footwear spanning all pricing tiers as well as a broad range of footwear and complementary product categories.

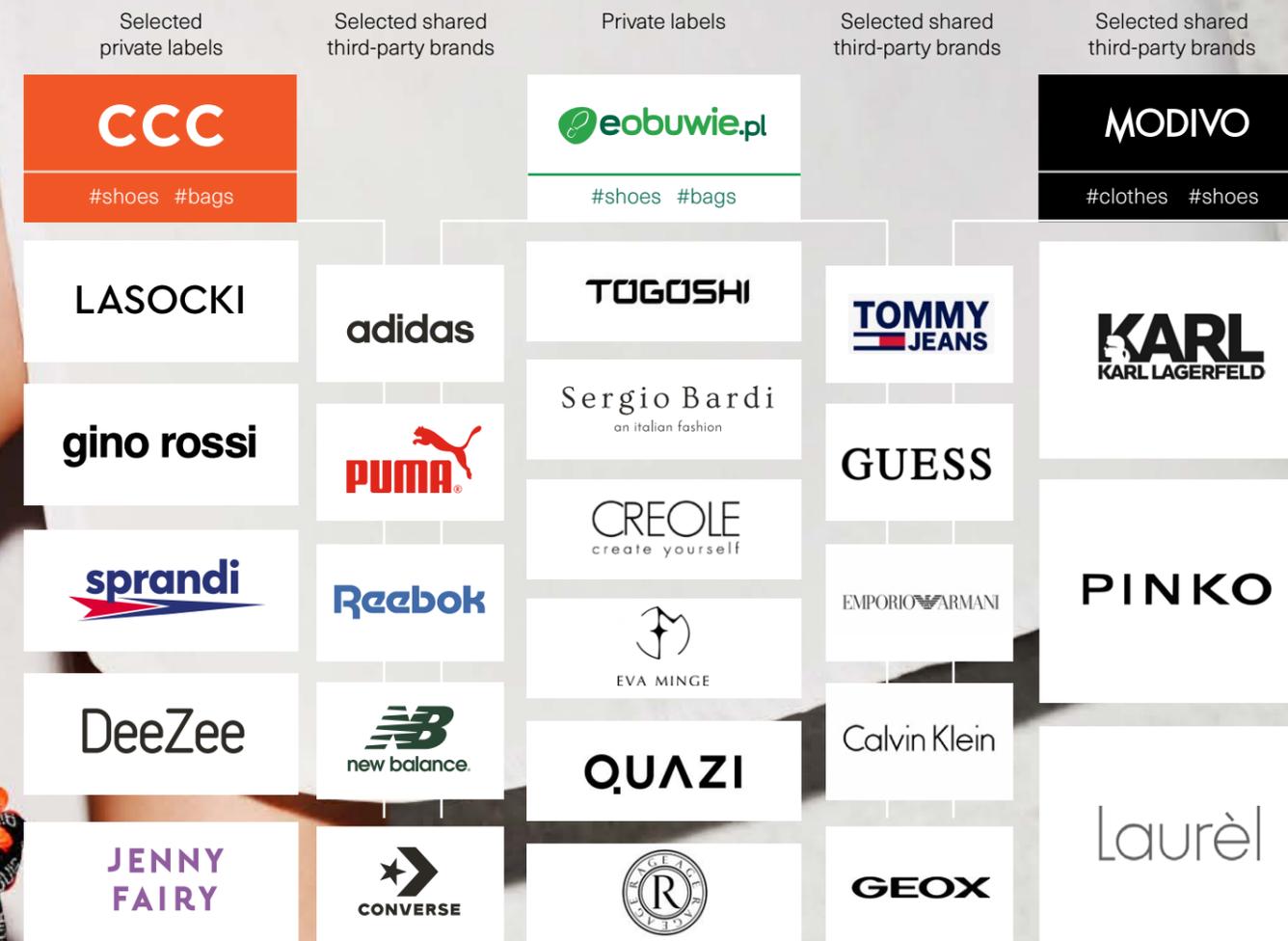
In its CCC branded sales channels, the Group focuses on its private label products (**Lasocki, Gino Rossi, Jenny Fairy, DeeZee, Sprandi** and other), which account for approximately 90% of sales, complemented by selected third-party sports brands (**Adidas, Puma, Reebok, New Balance, Converse** and other).

In its eobuwie branded sales channels (eobuwie being the e-commerce market leader in the footwear segment in Central and Eastern Europe), the Group offers mainly third-party brand footwear (approx. 500 brands accounting for ca. 90% of sales), complemented by CCC and eobuwie private label products (**Eva Minge, QUAZI, Togoshi, Sergio Bardi, Creole, Rage Age**).

Since 2019, the Group has also been developing MODIVO, an online premium fashion sub-platform of eobuwie.pl, which is used to offer higher-priced CCC Group products.

The CCC Group has its own factories in Polkowice and Stupsk, where it produces a part of its products.

**CCC Group brands**  
[GRI 102-2]



**Development strategy**

In 2019, the CCC Group devised a comprehensive strategy which was finalised and adopted under the name 'GO.22 Strategy' in January 2020. The strategy focuses on maximising the Group's value by satisfying the needs of current and future customers. The GO.22 strategy relies on five pillars covering key strategic areas. The objectives set in each of the pillars will be pursued in 2020–2022 with the use of new technologies and data analytics.

Pillar I: **A customer-focused omnichannel model**

A unique, omnichannel retail ecosystem covers complementary sales channels through which the Group intends to offer its products in every way that is expected by its customers.

The Group's plan is to selectively expand its brick-and-mortar channel, which will include active management of its brick-and-mortar store portfolio and store digitalisation using self-service checkouts, tablets, esize.me scanners and other solutions. The strategy envisages growing the CCC Group's retail area by up to 120,000 m<sup>2</sup> net by 2022, mainly on the Romanian and Russian markets (to compare, the retail area at the end of 2019 was 725,000 m<sup>2</sup>). The Group additionally intends to further develop its digital channels, in particular eobuwie.pl, ccc.eu, deezee.pl, gino-rossi.pl and the MODIVO platform launched in 2019. The Group's strategic goal is to drive its e-commerce sales so that they reach a 35-40% share in total sales by 2022.

Pillar II: **Product**

The Group continues its customer-oriented product development efforts, and to this end it is expanding its product range considerably (strategic goal: +100% of new products). In line with the product change directions in CCC channels envisaged in the strategy, the Group focuses on strengthening 5-6 core brands (including Lasocki, Gino Rossi and Sprandi), improving product quality, expanding the fashion proposal, building a wider e-commerce only offering and growing the other categories (such as accessories). Product developments will be accompanied by a change in the communication approach geared towards reinforcing the identity of individual brands – for instance, by building purchase opportunities through micro-season communication in stores and online and making an extensive use of social media channels.

Pillar III: **Agility and efficiency**

To secure the successful implementation of the Group's key objectives, the strategy provides for the improvement and optimisation of selected internal processes through the use of new technologies, advanced IT solutions and data analytics. The strategy aims at optimising the supply chain and product life cycle management process, implementing a shared service centre for the Group and enhancing financial supervision with the use of special tools (SAP, BI).

Another important element of the strategy is the development of the corporate culture, for instance by introducing the Group's key values of customer and product focus across the organisation; dynamism, enthusiasm, dedication; openness and cooperation; responsibility and personal development.

Pillar IV: **Financial stability**

The Group pursues its financial policy to ensure the stability and financial security of the Group. The strategy assumes an increase in the Group's operating profit margin to 8.5–9.5% and net profit margin to 7.0-8.0% in 2022. The Group seeks to improve its working capital efficiency with efforts to shorten the cash conversion cycle to less than 100 days. Capital expenditure in 2020–2022 is expected to average at PLN 150m-200m annually, compared with PLN 700m in 2019. The strategic goal is to achieve a low net debt to EBITDA ratio in the range from 0 to 1x (compared to 2.9 at the end of 2019).

Pillar V: **Sustainable development**

The Group successfully implements its sustainable development plan, minimises the environmental impact of its business and supports activities undertaken for the benefit of the environment and society. Over the next three years, the CCC Group will expand the range of its environmentally friendly products, with relevant measures including launch of further eco-friendly product lines, increased share of eco leathers in the manufacturing processes, and cooperation only with those suppliers who have committed to observe the CCC Code of Conduct, containing environmental and CSR obligations.



**Key strategic areas**

Our objective is to drive the Group's value growth by satisfying the needs of existing and future customers

**DRIVING THE GROUP'S VALUE GROWTH**

Our ambitions (2022):

<p><b>Customer</b> „Keeping pace with customer expectations”  Revenue: PLN <b>8.5-9.0 bn</b></p>	<p><b>TECHNOLOGIES &amp; DATA</b></p>	<p><b>01 OMNICHANNEL</b> To skilfully combine distribution channels to be able to provide our customers, in their preferred way, with...</p>	<p><b>35-40% online</b> Share of online/offline sales</p>
		<p><b>02 PRODUCT</b> ...an attractive product mix tailored to diverse markets, sales channels and retail formats...</p>	<p><b>x2</b> New products</p>
		<p><b>03 AGILITY AND EFFICIENCY</b> ...operating with agility and efficiency...</p>	<p>Profitability <b>8.5-9.5% / 7-8%</b> EBIT<sup>2</sup>/net<sup>2</sup></p>
		<p><b>04 FINANCIAL STABILITY</b> ...but keeping our feet firmly on the ground...</p>	<p>Net debt/EBITDA<sup>2</sup> <b>0-1x</b></p>
		<p><b>05 SUSTAINABLE DEVELOPMENT</b> ...with a steady commitment to CCC's corporate DNA and our environment</p>	<p><b>A+</b> MSCI rating</p>

<sup>1</sup> 100% of our decisions are based on data (as much as 75% of them being informed by advanced analytics)

<sup>2</sup> Non-IFRS 16 | Net profit before minority interests

Implementation of our strategy is underpinned by the CCC values.

We work with **passion, energy and enthusiasm** so we are able to achieve **ambitious goals** and deliver our **shared vision** of success! **Each of us** has an actual opportunity to contribute to **growth, cooperation and engagement**.

We build together a corporate culture based on open dialogue and diversity.

OUR VALUES

Customer and product focus

Dynamism, enthusiasm and dedication

Openness and cooperation

Responsibility

Personal development

1. We build a **culture of feedback**, cooperation and **openness to changes**.
2. Our attitude contributes to positive relations **with internal and external clients**.
3. We create new solutions in an **interdisciplinary** environment, identifying with **the Company's values and products**.
4. **We listen to our employees** and strive to engage their potential by developing innovative projects.

Culture

1. **We implement** cutting-edge tools to ensure **top quality and efficiency of our processes**.
2. **We promote digitalisation and automation** to eliminate repetitiveness and to better use our resources.
3. **We use data** to identify potential opportunities and adjust to the changing environment.

Modern place of work

1. **Employees** are our **greatest asset** so each of them is offered **equal opportunities of professional advancement and promotion**.
2. **We reward commitment and innovative ideas** with development and succession programmes.
3. **We train and educate managers** to ensure they effectively manage, inspire and engage their teams.
4. We embrace **diversity and act with responsibility**, thus creating an attractive and international work environment.

Employees

### 1.3 VALUE CHAIN

As a business operating in the fashion industry, we believe it is our task to respond to customer needs in the best possible manner, considering the product itself, customer service as well as the services we provide. At CCC, we take care of every phase of a product's life cycle because we know that our initial choices will have an impact on our customers purchasing decisions and on the environment.

Strong pre-production and production teams offer a competitive advantage to the CCC Group, and so does the Research and Development Centre in Polkowice, the heart of our product development efforts.

This is where our dedicated teams work on a number of innovations to support the production, distribution and sale of footwear, as well as to optimise material consumption and reduce waste, minimising any detrimental impact on the environment. Our activities at the RDC include an innovative concept of product packaging, new footwear distribution technologies, or a prototype sealing machine for shoe packaging.

#### Design

The CCC Group has its own Design Departments, where footwear manufactured by the Group's factories in Polkowice and Stupsk as well as our suppliers around the world is designed.

The life of any pair of shoes starts with a design that takes account of the needs of millions of CCC store shoppers. A carefully selected team of experts chooses a specific design, pattern, material and colour from a variety of proposals. A number of business factors are also taken into consideration, for instance the price, market and fashion trends, along with environmental factors such as certifications. The production preparation (pre-production) process is followed by a final model approval, and subsequently production is ordered. All purchasing decisions and choice of collections are the responsibility of the Product Division, based in the corporate headquarters in Polkowice.

#### Shopping

In view of the increasing weather volatility in the recent years and the blurring of the seasons, the CCC Group remains flexible and responsive when planning its collections. Aside from the supply structure, the changes affect the choice of the nature and the materials used in products (for instance winter shoes have less padding and the sole thickness changes), and the weather impulse weakens in favour of fashion and prevailing trends.

In order to achieve its business goals and deliver about 50 million pairs of shoes to the market annually, the CCC Group needs advanced and well-performing production facilities, which are gradually being developed. The Group has its own factories in Poland, and it additionally orders goods from the plants of its highly reliable long-term business partners in Europe, Asia and South America. The goods supplied by contractors must conform to high quality standards and the contractors are obligated to respect human rights and social standards in their operations. In addition, every business agreement is accompanied by the mandatory Supplier Code of Conduct, which includes, for example, provisions on rational water consumption. Regular inspections are carried out to ensure that the suppliers meet all the requirements.

#### Logistics

The strong growth of the CCC Group is enabled by an innovative approach to logistics. The Group's Logistics Centre in Polkowice, one of the largest facilities of its kind in Central Europe, together with the Logistics Centre in Zielona Góra, are the core elements of the entire logistics chain. That is where the new shoe collections go before they are sent to individual stores in Poland and abroad. At the turn of 2020, a new eobuwie.pl logistics centre was opened in Zielona Góra, boasting an area of nearly 40,000 m<sup>2</sup> and three storage levels. The centre is highly automated and capable of accommodating up to 5.5 million products, with an option to expand to 150,000 m<sup>2</sup>. The new logistics facility has significantly boosted our order processing capacity, enabling us to improve on footwear distribution management and anticipate customer expectations.

### Product life cycle

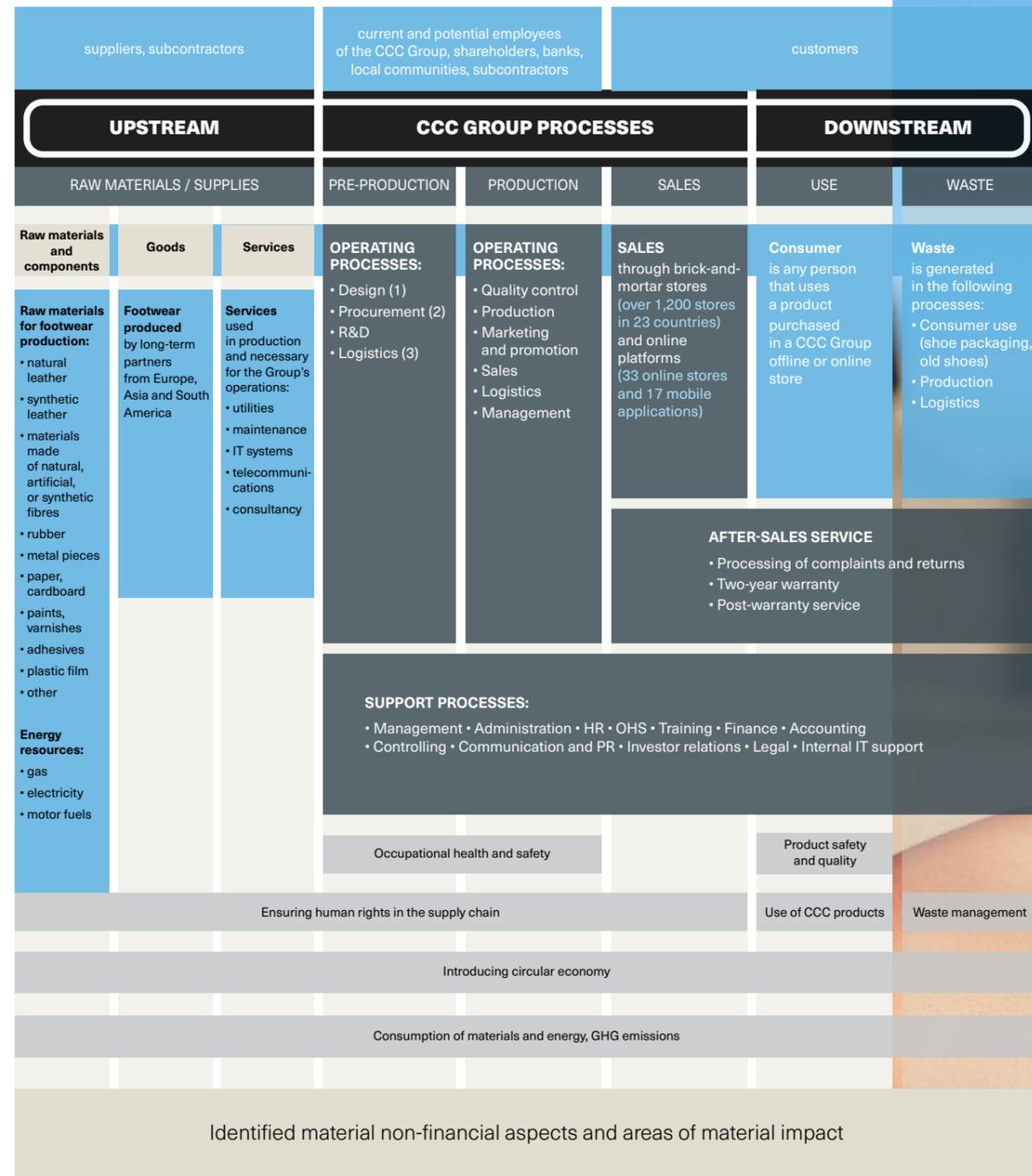


\* The points where waste is generated, see Section 7.5 for more details

Value chain developed in accordance with the material flow approach used in the analysis of greenhouse gas emissions and circular economy flow analysis. The elements of the value chain have been specifically selected to show which processes have the greatest environmental impact and where action has to be taken to minimise this impact.

## THE CCC GROUP VALUE CHAIN

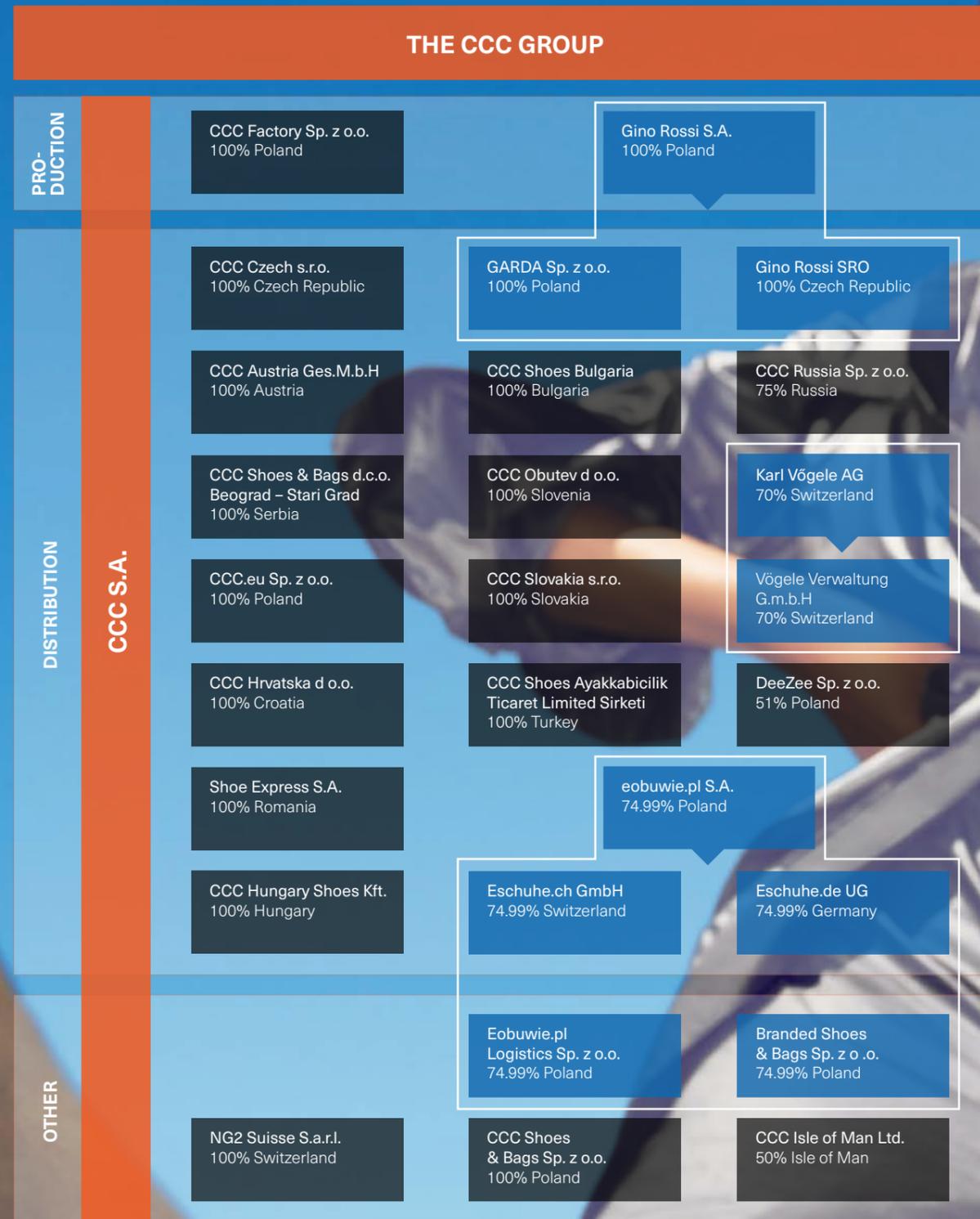
identified significant stakeholders exposed to value chain processes



## 1.4 CORPORATE GOVERNANCE [GRI 102-5]

### Structure of the CCC Group

As at December 31st 2019 and as at the date of approval of this Report for publication, the CCC Group consisted of CCC S.A. as the parent and the following subsidiaries:



### Changes in the CCC Group structure in 2019:

- Sale of 100% of shares in CCC GERMANY GmbH,
- Acquisition of 30.55% of shares in HR GROUP HOLDING S.à r.l.,
- Acquisition of 100% of shares in Gino Rossi S.A.

### CCC S.A. shares

The Company's share capital is divided into 41,168,000 shares, including:

- 34,518,000 ordinary bearer shares, each conferring one vote at the Company General Meeting,
- 6,650,000 registered shares with a voting preference so that each share confers two votes at the Company General Meeting.

### CCC S.A. shareholding structure

List of shareholders holding directly or indirectly, through subsidiaries, 5% or more of total voting rights at the General Meeting of CCC S.A. as at December 31st 2019:

Shareholder	Number of shares held	% of share capital held	Number of votes	% of total voting rights at GM held
ULTRO S.à r.l. (subsidiary of Mr Dariusz Miłek)	11,250,000	27.33%	16,710,000	34.94%
Leszek Gaczorek	2,000,000	4.86%	3,040,000	6.36%
Aviva OFE*	3,059,136	7.43%	3,059,136	6.40%
Nationale-Nederlanden OFE*	3,092,589	7.51%	3,092,589	6.47%
Other investors**	21,766,275	52.87%	21,916,275	45.83%
<b>Total:</b>	<b>41,168,000</b>	<b>100.00%</b>	<b>47,818,000</b>	<b>100.00%</b>

The CCC Group engages in franchising operations in countries such as Qatar, Oman, United Arab Emirates, Saudi Arabia, Bahrain, Ukraine, Kosovo, Lithuania, Latvia and Estonia.

\* Data based on the annual information on the Funds' asset structure as at December 30th 2019  
 \*\* Other investors holding less than 5% of voting rights at the General Meeting

**Governance structure of CCC S.A.**  
[GRI 102-18, 102-22, 102-23, 405-1]

## Supervisory Board

As at December 31st 2019 and as at the date of approval of this Report for publication, the Supervisory Board's composition was as follows:

**Dariusz Miłek** – Chairman of the Supervisory Board,

**Wiesław Oleś** – Deputy Chairman of the Supervisory Board,

**Waldemar Jurkiewicz** – Member of the Supervisory Board,

**Zofia Dzik** – Member of the Supervisory Board,

**Filip Gorczyca** – Member of the Supervisory Board.

In 2019, the following persons were also members of the Supervisory Board:

- **Jerzy Suchnicki** – from January 1st to April 11th 2019,
- **Marcin Murawski** – from January 1st to June 18th 2019,
- **Piotr Nowjalis** – from January 1st to June 18th 2019.

Mr Wiesław Oleś served as Chairman from January 1st to April 11th 2019 and then as Deputy Chairman of the Supervisory Board. Mr Filip Gorczyca and Mr Dariusz Miłek were appointed to the Supervisory Board on April 11th 2019. Ms Zofia Dzik was appointed on June 18th 2019.

In the period from January 1st to June 18th 2019, 100% of the Supervisory Board members were men, whereas in the period from June 18th to December 31st 2019, 20% of the members were women and 80% were men. In the whole of 2019, the average age of the Supervisory Board members was 51 years.

In 2019, the Supervisory Board held 7 meetings and passed 36 resolutions.

Members of the Company's Management Board are appointed and removed from office by the Supervisory Board.

The powers and rules of procedure of the Management Board are set out in the following regulations:

- **Commercial Companies Code**,
- **The Company's Articles of Association**, which are available on the Company website (<https://corporate.ccc.eu/en/corporate-governance>),
- **Rules of Procedure for the Management Board**, which are available on the Company website (<https://corporate.ccc.eu/en/corporate-governance>),
- **Chart showing the division of responsibility** for particular areas of the Company's operations among the Management Board members (<https://corporate.ccc.eu/en/ccc-management>).

## Management Board

As at December 31st 2019 and as at the date of approval of this Report for publication, the Management Board of CCC S.A. consisted of three members:

**Marcin Czyczerski** – President of the Management Board,

**Mariusz Gnych** – Vice President of the Management Board,

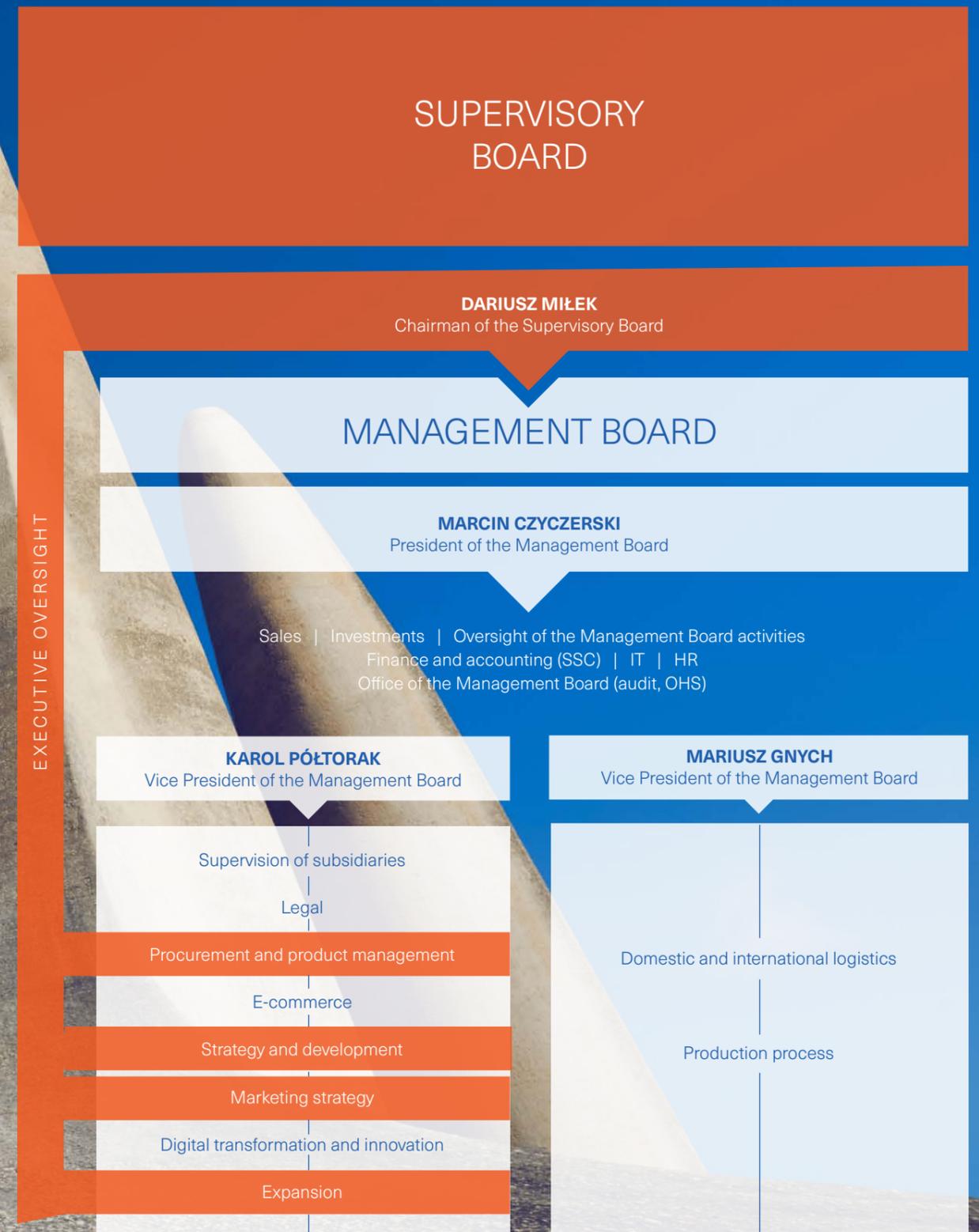
**Karol Półtorak** – Vice President of the Management Board.

In the period from January 1st to April 11th 2019, Dariusz Miłek was also a member and President of the Management Board. On March 8th 2019, the Supervisory Board resolved to appoint Marcin Czyczerski, then Vice President of the Management Board, to the position of President as of April 11th 2019. During the reporting period, 100% of the Management Board members were men, with an average age of 48.

In 2019, the Management Board passed 22 resolutions.



**Areas of responsibility of Management Board members:**



For detailed information on the expertise and experience of the Management and Supervisory Board members, see Company website at <https://corporate.ccc.eu/en/ccc-management>, tab: About the Company – CCC Management

### Remuneration of the Management Board and Supervisory Board

[GRI 102-35, 102-36, 102-37, 102-38, 102-39]

The remuneration for the Management Board members is determined by the Supervisory Board on the basis of the Remuneration Policy for the Members of the Management Board of CCC S.A. and the Remuneration Rules for the Members of the Management Board of CCC S.A. When determining the remuneration amounts, the Supervisory Board considers the workload required to properly perform the function of Management Board member, the scope of duties and responsibilities associated with the function of Management Board member, and the market levels of remuneration for similar positions. The remuneration for the Management Board members corresponds to the size of the Company's business and is reasonable in relation to its financial performance.

In addition to their monthly base salaries approved by the Supervisory Board, Management Board members are entitled to variable pay components in the form of cash bonuses, intended to improve the quality of their work and performance. In 2019, the variable remuneration was granted by the Supervisory Board after the first and second half of the year and was subject to the level of profits realised by the Company and the performance of the Management Board members' tasks. The bonus amount depended on the achievement of individual qualitative and quantitative targets that had been set by the Supervisory Board for each member of the Management Board, which was evaluated by the Supervisory Board every six months. The resolution to grant variable remuneration to a Management Board member, serving as the basis for its payment, is adopted by the Supervisory Board on a case by case basis.

On December 17th 2019, the Supervisory Board adopted new Remuneration Rules for the Members of the Management Board of CCC S.A., which set forth the rules to be followed by the Supervisory Board when defining fixed monthly salary and variable pay components in the form of cash bonuses. The document entered into force on January 1st 2020.

In accordance with the Company's Articles of Association, the General Meeting has the authority to determine the rules of remuneration for the Supervisory Board, and the remuneration amounts for Supervisory Board members delegated to perform permanent individual supervision. At the same time, the Company's shareholders are not involved in the establishment of the rules of remuneration for the Management Board, as the Articles of Association vest this authority in the Supervisory Board.

In line with the amended Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies of July 29th 2005, by June 30th 2020 the Company's General Meeting will adopt the Remuneration Policy for the Members of the Management and Supervisory Boards, which will set forth the rules of defining remuneration for members of both bodies.

In 2019, the Company paid PLN 3,758,125 in gross base salaries and bonuses to the members of the Management Board, 18.1% less than in 2018. PLN 444,838, gross, was paid to the Supervisory Board members, 0.48% less than in 2018.

The ratio of the average salary of Management Board members to the average remuneration of employees under employment contracts stood at 21.7x in 2019, down by 4.1x from 25.8x in 2018. For details of employee remuneration at the CCC Group and CCC S.A., see Appendix 2 to this Report.

### Role of senior management structures in the definition of strategies, values etc.

[GRI 102-26]

GO.22, the CCC Group's current strategy, was adopted on January 29th 2020 and covers the 2020–2022 perspective. The development of the strategy was preceded by several months' work on identifying the situation of the Group and analysing its environment and the way it functioned, with an active and leading role played by the CCC S.A. Management Board, the management boards of subsidiaries, and dozens of the Group's key managers.

### Executive-level activity in the ESG area

[GRI 102-19, 102-20, 102-27, 102-29, 102-31, 102-32]

ESG considerations in business activities are an important element of the Company's strategy and are of interest to the Company's Management Board, Supervisory Board and managers. ESG initiatives in the individual areas are implemented with the cooperation of almost all functions, including Procurement, Environmental, OHS and Fire Protection, HR and other company employees.

ESG-related issues are regularly monitored at the executive level. The Management Board periodically meets with the persons responsible for the individual areas, and the Supervisory Board receives the results of ESG reports at least twice a year and discusses the planned ESG activities. Furthermore, the Company's Management Board takes an active part in the drafting of the non-financial report by approving its structure and main assumptions. Additionally, stakeholder dialogue is held every two years in order to establish the materiality of ESG factors and increase the Company's involvement in the ESG area.

CCC Group managers have been assigned sustainable development objectives which are periodically evaluated and reported to the Management Board and Supervisory Board.

### Procedure for selecting the governing bodies

[GRI 102-24]

- The procedures for selecting the Supervisory Board and the Management Board are set out in the Company's Articles of Association.
- The General Meeting appoints the Chairperson and the members of the Supervisory Board.
- The Supervisory Board appoints and removes from office the members of the Management Board.

### The Audit Committee

The Audit Committee has been operating as part of the Supervisory Board since June 2nd 2016. It serves as a permanent consultative and advisory body for CCC S.A. and the Supervisory Board. The current Audit Committee was appointed by the Supervisory Board on August 8th 2019, and consists of:

**Filip Gorczyca** – Chairman of the Audit Committee

**Zofia Dzik** – Member of the Audit Committee

**Waldemar Jurkiewicz** – Member of the Audit Committee

## CCC is subject to corporate governance principles set out in the 'Best Practice of GPW Listed Companies 2016'.

CCC makes every effort to comply with all the principles set out in that document. A detailed statement of compliance with the 'Best Practice of GPW Listed Companies 2016' forms part of CCC's annual report for 2019 and is also published on the Company's website at [corporate.ccc.eu/en/corporate-governance](http://corporate.ccc.eu/en/corporate-governance).

### Evaluating the Management Board's performance

[GRI 102-28]

The Supervisory Board exercises permanent supervision over the Company's operations in all areas. Twice a year, the Supervisory Board sets individual targets for each member of the Management Board, which are aligned with the critical aspects of the Company's operations. The Supervisory Board also evaluates and issues opinions on the performance of the targets. In the reporting period, changes occurred in the composition of the CCC Management Board, but they were not related to the evaluation of the Management Board's performance by the Supervisory Board.

The Supervisory Board follows the Rules of Procedure for the Supervisory Board, which are approved by the General Meeting.

### Evaluating the Audit Committee

[GRI 102-28]

The main responsibility of the CCC's Audit Committee is to advise the Supervisory Board on the proper implementation and control of financial reporting processes within the Company, the effectiveness of internal controls and risk management systems, and the selection and oversight of auditors as well as cooperation with auditors.

In particular, the Audit Committee's responsibilities include continuous monitoring of the financial reporting process and submitting recommendations to the Company's governing bodies to ensure reliability of the process within the Company. The Audit Committee controls and monitors the independence of the auditor. Other responsibilities of the Audit Committee include monitoring of the effectiveness and periodic reviews of the Company's internal control and risk management systems, as well as its internal audit function. The Rules of Procedure for the Audit Committee are approved by the Supervisory Board.

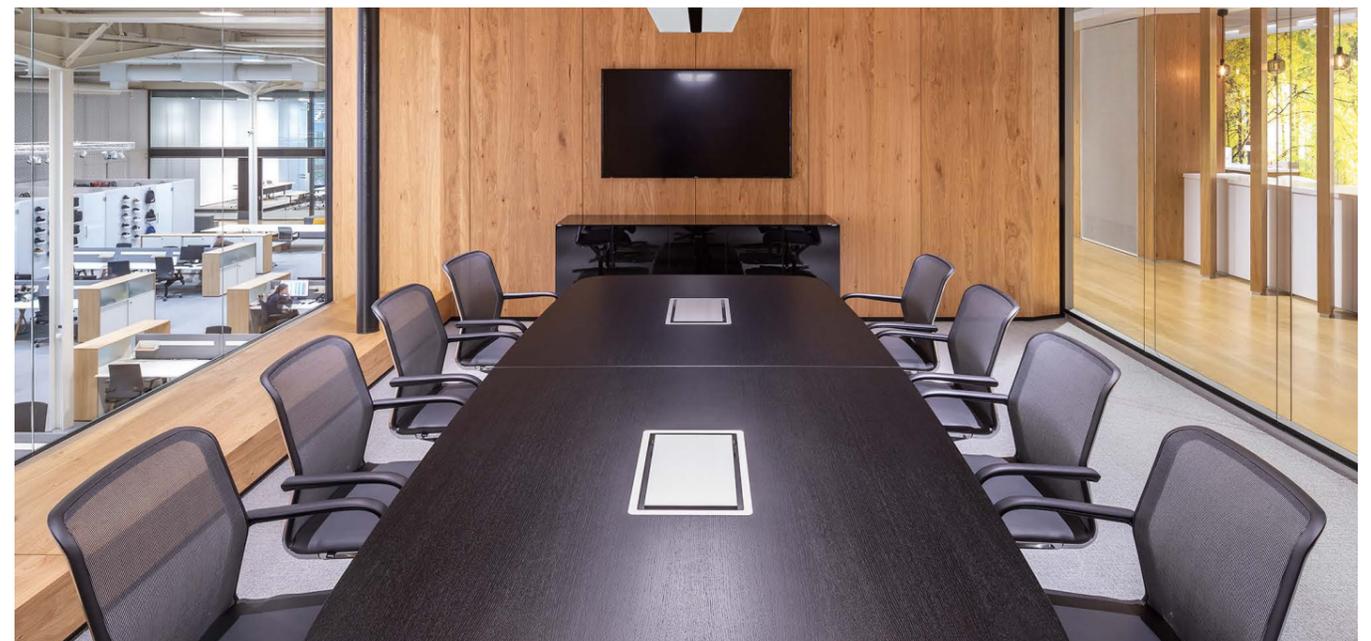
The Audit Committee held seven meetings in 2019.

### General Meeting's evaluation

[GRI 102-28]

The General Meeting evaluates the Supervisory Board by approving the report on its activities and deciding on granting discharge to its individual members at the Annual General Meeting. Furthermore, it has the right to remove a Supervisory Board member from office at the General Meeting. The General Meeting may be convened at the request of shareholders whenever they request during the year, in which case it takes the form of an Extraordinary General Meeting.

In 2019, the report on the Supervisory Board's activities in 2018 was approved by the Annual General Meeting. The General Meeting in 2019 exercised the right to remove a member of the Supervisory Board.



## 1.5 ETHICS AND HUMAN RIGHTS AT THE CCC GROUP

[GRI 102-16, 102-17]

The CCC Group and its member companies do business openly, transparently and in compliance with generally applicable laws and internal policies. The CCC Group Code of Ethics, in effect since 2014, provides the foundation for the development of transparent rules and equal working conditions. An additional set of considerations and regulations relating to Ethics, Respect for Human Rights and Anti-Corruption in the CCC Group is covered by documents such as:

[the Anti-Corruption Code,](#)

[the Whistleblowing Procedure,](#)

[the CCC Group Supplier Code of Conduct,](#)

[the Chemicals Management Policy,](#)

[Restricted Substance List,](#)

[the CCC S.A. Non-Discrimination and Anti-Harassment Policy.](#)

### The Code of Ethics

[GRI 102-16]

The CCC Group Code of Ethics presents the attitudes expected of all employees of CCC Group companies and describes the obligations relating to standards of conduct, regardless of the business area and responsibilities within the Group. The Code of Ethics formulates the key values that reinforce the process of fostering ethical conduct and mutual trust within the Group. The Code is an important complement to legal regulations, setting out a framework and standards of conduct to ensure that the organisation functions in a way that supports building the Group's repute and value. The Code of Ethics can be adopted in its entirety by individual CCC Group companies, which are free to further improve best practices.

All employees are required to follow the principles set out in the Code of Ethics. The CCC Group expects that the Code of Ethics will also be respected by individuals and entities cooperating with the Group.

Any Group employee may approach their line manager or Internal Auditor if they are in doubt as to whether their conduct, or that of their colleagues, complies with the Code of Ethics, as well as to make suggestions concerning inclusion of additional principles which are not covered by the Code of Ethics.

The CCC Group Code of Ethics is available on the Company's official website in a Polish and English language version at [corporate.ccc.eu/en/ethics](http://corporate.ccc.eu/en/ethics).

### Ethical values

The CCC Group is committed to ensuring that its employees live the Group's ethical values and act as role models. The key ethical values of the Group include:

 Development	<ul style="list-style-type: none"> <li>making full use of one's knowledge and competences</li> <li>being a specialist in one's field</li> <li>continuous improvement</li> <li>improvement of skills and qualifications</li> <li>promoting commitment and performance</li> </ul>
 Entrepreneurship	<ul style="list-style-type: none"> <li>innovation and dynamism in action</li> <li>achieving far-reaching goals</li> <li>identifying and embracing opportunities</li> <li>expansiveness and creativity in the execution of new processes</li> </ul>
 Credibility	<ul style="list-style-type: none"> <li>open and reliable communication</li> <li>keeping one's commitments</li> <li>partnership in cooperation</li> <li>authenticity</li> </ul>
 Responsibility	<ul style="list-style-type: none"> <li>being aware of one's actions and consequences of decisions</li> <li>paying attention to employee safety</li> <li>commitment to process safety</li> <li>ensuring the expected product quality and safety</li> </ul>

### Conflicts of interest [GRI 102-25]

A conflict of interest arises when an employee's personal interest conflicts with that of the Group.

Employees who are, or believe that they may be, in a conflict of interest situation should immediately report this to their line manager, Internal Auditor or, in justified cases, the President of the Management Board. Conflicts of interest are to be reported by means of a questionnaire, which must be submitted by every employee within 14 days of start of employment. The conflict of interest declaration must be submitted to the Internal Auditor, who maintains a record of conflicts of interests within the CCC Group, or to the HR and Payroll Department.

The Group's management are required to submit the conflict of interest declarations every two years.

### Anti-corruption procedures [GRI 102-34, 102-17, 205-1, 205-3]

The CCC Group has a policy of zero tolerance for corruption in each of its business areas.

The CCC Anti-Corruption Code and the Whistleblowing Procedure introduced in 2018 offer a set of ethical standards applicable to CCC S.A. and its subsidiaries, which aim, inter alia, to prevent corrupt practices undertaken by persons acting on behalf of or for the benefit of the CCC Group and to improve management processes in order to effectively protect the assets and reputation of the CCC Group.

The Anti-Corruption Code is part of the Compliance Policy and, together with the Code of Ethics, it promotes ethical conduct. Moreover, by implementing the Code, the Company meets the standards recommended for compliance management systems with respect to anti-corruption measures and whistleblower protection arrangements for companies listed on markets operated by the Warsaw Stock Exchange.

The Anti-Corruption Code put in place and followed by the Company is a declaration of fostering and promoting compliance and ethical conduct and expressly rules out any corrupt practices. The Anti-Corruption Code focuses on corruption risks as well as the definition of and rules of conduct in conflict of interest situations.

In accordance with the Anti-Corruption Code, employees are required to respect the following rules:

- They shall not offer or give any financial or personal benefits,
- They shall not accept any financial or personal benefits,
- They shall refuse to accept any financial or personal benefits,
- They shall not induce anyone to give any financial or personal benefits,
- They shall promote ethical and transparent behaviours among their colleagues and trading partners,
- They shall refrain from any activity that could expose a CCC Group company to the risk of non-compliance with anti-corruption rules,
- They shall report any suspicions or indications of corrupt practices.

The Code additionally sets out the rules for accepting and offering business gifts. In no case may the following rules be disobeyed:

- The worth of gifts shall not exceed PLN 100.00 in a calendar year (a 'low value' gift),
- A gift must not be given in the form of cash or cash equivalents (such as shares, vouchers, sodexo passes, prepaid payment cards),
- A gift must not be given in expectation of a favourable business decision (selection of a particular offer),
- A gift shall not be given at an employee's request,
- Revealing that the gift has been accepted could compromise the reputation of the Company or the employee.

The CCC Group is committed to ensuring that its dealings with employees and third parties are in compliance with national laws and regulations, considering the cultural context. At the same time, it makes every effort to create an environment that fosters open and honest communication.

The Anti-Corruption Code is available at [corporate.ccc.eu/en/ethics](http://corporate.ccc.eu/en/ethics).

In 2019, no corrupt practices were identified within the CCC Group.

In 2019, a corruption risk assessment was carried out for investments and purchases made by the Central Procurement Offices and the Transport Department. The focus was mainly on the selection and verification of service providers.



**Non-discrimination policy**  
[GRI 102-17, 102-34, 406-1]

The CCC Group does not tolerate any discrimination based on gender, age, disability, sexual orientation, race, nationality, ethnic origin, religion, religious denomination or irreligion.

The matters concerning prevention of discriminatory practices at the CCC Group are provided for in the CCC Group Equal Treatment, Non-Discrimination and Anti-Harassment Rules, which were implemented on January 1st 2017 and last updated in 2019.

The purpose of the Rules is to put in place adequate corporate measures and protect the victims of discrimination and harassment. They cover the responsibilities of the employer and employees, as well as the activities of the Conciliation Board, which examines discrimination and harassment cases.

Anti-discrimination measures additionally include the principles set forth in the Recruitment Policy. The recruitment policy is based on non-discriminatory criteria and the recruitment process ensures a level playing field for participants and an objective assessment of candidates with the use of appropriate position-specific selection tools.

In 2019, no cases of discrimination/harassment were recorded in the CCC Group.

**Whistleblowing procedure**  
[GRI 102-17, 102-33]

The CCC Group's dealings with employees and third parties are in compliance with national laws and regulations, considering the cultural context.

At the same time, the Group makes every effort to create an environment that fosters open and honest communication. Whenever a violation of the law, the rules of the Code of Ethics or the Anti-Corruption Code is suspected, any person (whether an employee or a third party) can use the available information tools to report the violation/misconduct.

The dedicated information channels include:

a contact form available on the Company's website: Sustainability/Ethics,

an email address for reporting misconduct and violations: etyka@ccc.eu,

direct contact with the Internal Auditor,

direct contact with a Member of the CCC S.A. Management Board, in justified cases.

The rules for reporting misconduct and the misconduct prevention policy are specified in the Whistleblowing Procedure available at [corporate.ccc.eu/en/policies-and-presentations](http://corporate.ccc.eu/en/policies-and-presentations).

**Communication and training about human rights and anti-corruption policies**  
[GRI 205-2, 410-1, 412-2]

**The Value Week**

is held on a regular basis to remind the employees of the Group's core values and policies, including those on accepting and giving gifts, anti-corruption principles, conflicts of interest and whistleblowing.

Most recently, the Value Week was held at the end of 2018 and at the beginning of 2019. In 2019, the CCC Group did not provide any training on human rights.

**Respect for human rights in the supply chain**  
[GRI 412-1]

CCC S.A. is one of the largest shoe manufacturers and one of the fastest growing footwear companies in Europe, and therefore commitment to sustainable development and social responsibility within the Company and along its supply chain is a priority.

**All social considerations pertaining to the supply chain are regulated by the Supplier Code of Conduct,**

which has been in effect across the CCC Group since 2018. It sets out the standards of conduct for the CCC Group's suppliers with respect to human rights, labour rights, environmental protection and principles of business integrity.

The Code has been developed on the basis of international standards and guidelines, including those promulgated by the International Labour Organisation.

To cooperate with CCC, suppliers are required to follow the provisions of the Code in their business. This applies to the supplier's employees and to all its subcontractors or sub-suppliers involved in the execution of orders for CCC.

**Topics covered by the CCC Supplier Code of Conduct**



**Respect**

- Prohibition of child labour
- Prohibition of forced labour
- Prohibition of discrimination, harassment and violence



**Fairness**

- Compliance with working time rules
- Fair and timely pay
- Freedom of association and collective bargaining
- Combating corruption and bribery



**Respect for the environment**

- Water and wastewater management
- Chemicals management
- Air emissions management
- Environmental protection
- Prohibited substances



**Safety**

- Workers' safety
- Workers' health
- Product safety





## Respect

### Prohibition of child labour

Suppliers are expected not to employ children and not to tolerate child labour. In accordance with ILO Convention No. 138 on Minimum Age, the minimum age of a supplier's employee must not be lower than the age at which a child leaves compulsory education, and in any case not lower than fifteen years.

### Prohibition of forced labour

Suppliers do not tolerate forced or compulsory labour. Forced or compulsory labour means all work and service which is exacted from any person under the menace of any penalty and for which the said person has not offered herself or himself voluntarily.

### Prohibition of discrimination, harassment and violence

Suppliers pursue a policy of equal opportunities and treatment in employment and occupation with a view to eliminating any discrimination in this area. Discrimination means any distinction, exclusion or preference made on the basis of race, colour, gender, religion, political opinion, national extraction or social origin, which has the effect of nullifying or impairing equality of opportunity or treatment in employment or occupation. Suppliers do not tolerate harassment, including sexual harassment and threats, physical and psychological violence, punishment and persecution of employees.



## Fairness

### Compliance with working time rules

Suppliers' employees are not required to work more than 48 hours a week. Overtime work is agreed on a voluntary basis between the employee and the supplier. Suppliers comply with the legal provisions on overtime work conditions and limits, respect the right to sick leaves and other leaves, including maternity leaves, and the rights of pregnant women.

### Fair and timely pay

Suppliers recognise that every employee, regardless of their gender, is entitled to a pay that enables them to satisfy the basic needs of themselves and their families. Suppliers pay wages and salaries on time, in amounts not less than the country's minimum wage. Disciplinary deductions from salaries and wages are not permitted.

### Freedom of association and collective bargaining [GRI 407-1]

Employees of suppliers have the right to associate at their own discretion, to form trade unions and to engage in col-

lective bargaining. Employees must not be intimidated, discriminated against or harassed because of their trade union involvement.

### Combating corruption and bribery [GRI 419-1]

The Company expects its suppliers to conform to high ethical business standards. Suppliers are obliged to comply with the law with respect to the prohibition of corruption and bribery. Suppliers do not tolerate bribes and they neither accept nor give them.

In 2019, the CCC Group was not subject to any distortion of competition proceedings or any other proceedings concerning economic and social matters.



## Respect for the environment

### Water and wastewater management

Suppliers minimise water consumption in production processes and manage water resources efficiently. Since leather tanning wastewater contains substances such as chromium (III) sulfate, sulfuric acid etc., suppliers ensure that wastewater is properly treated before discharge.

### Chemicals management

Suppliers use chemicals effectively and in compliance with the law. They identify and manage the risks associated with the use of hazardous chemicals, taking into account the health of employees, footwear users and local communities, and the environmental impacts.

They use, store and dispose of chemicals in an appropriate manner.

### Air emissions management

Suppliers manage air emissions (aerosols, volatile organic compounds etc.). They take care to protect employees, their families and local communities from the negative impact of such emissions.

### Environmental protection

Suppliers agree to comply with the applicable environmental regulations, to use natural resources reasonably and to continuously improve their environmental protection measures.

### Prohibited substances and contaminants

Harmful substances originating from consumer goods such as footwear can penetrate the bodies of their users through the skin, possibly provoking adverse effects. For this reason, many substances have been prohibited by law in Europe or their concentrations in products have been restricted.

Our trading partners guarantee that none of the goods they supply contain prohibited substances and contaminants or, where regulated by statutes, none of them exceed the thresholds.

All deliveries, including packaging and possibly brochures and/or other parts must comply with all national and European laws, regulations, directives and guidance in effect at the time of delivery.

Suppliers agree to have all materials they use tested by an accredited testing laboratory.

Suppliers are obliged to test each colour and model combination of the manufactured footwear. Only accredited testing laboratories guarantee that the tests will be carried out to international standards. The following accredited laboratories can be used to test goods ordered by CCC:

- TUV,
- SGS,
- INTERTEK,
- HANSECONTROL.

### Liability for damage

The supplier assumes unlimited liability for damage in respect of any claims pursued for product defects, copyright infringements and exceeded thresholds.

In the case of claims for damages, the supplier assumes full subsequent liability. The same applies to all costs, claims and compensation, including prosecution, legal and court costs incurred or claimed, which allegedly arise as a result of or in connection with the use of the goods supplied.

The supplier accepts the cost of quality testing where certificates have not been delivered with the goods supplied.

The CCC Group is not obliged to explain any alleged violations of rights in court.



## Safety

### Employee safety

Suppliers ensure a safe and healthy work environment, providing adequate lighting, heating and ventilation. Suppliers prevent accidents and injuries that result from work, are work-related or occur in the work process (e.g. through the appropriate use and storage of chemicals, ensuring the safety of machinery, tools and electrical systems, as well as fire protection etc.). Suppliers regularly provide OHS training to employees and appropriate protective clothing.

### Employee health

Suppliers monitor the impact of the work environment on employees, identify the risks of occupational diseases (resulting from physical, chemical, biological, mechanical and similar exposures), and employ safeguards to protect the health of their employees.

### Product safety [GRI 408-1]

Suppliers make sure they supply only products that fully meet the requirements of EU product safety legislation (Directive 2001/95/EC).

The CCC Group Procurement Department has taken measures to verify its value chain. The measures focus on ensuring acceptance of the principles of the CCC Group Supplier Code of Conduct by all product suppliers.

The critical area with a potential risk of child labour is manufacturing. The countries where exposure to this risk in suppliers' activities is the greatest include India, Bangladesh and China. The CCC Group requires its suppliers to accept all principles of the Supplier Code of Conduct, including the prohibition of child labour.

### Human rights clauses [GRI 412-3]

In 2019, clauses were implemented in all contracts and orders placed by the CCC Central Procurement Office, obligating all suppliers and contractors to respect the principles, rights and provisions set forth in the CCC Group Code of Ethics, and in particular to follow the principles of anti-corruption, respect for human dignity, human rights, mutual respect, tolerance, as well as environmental protection and ecology in their business. The clauses were signed by 93.29%\* of suppliers.

\* The remaining suppliers signed documents aligned with their own applicable social standards.



## 1.6 RISK MANAGEMENT

[GRI 102-11, 102-29, 102-30, 102-31]

### The CCC Group risk management system

In response to stakeholder expectations and global trends in corporate governance, CCC S.A. has implemented a risk management system covering all areas of the Company's operations. The systemic approach to risk management is based on clearly defined rules arising from the Risk Management Policy and the Risk Management Procedure. In 2019, both documents were reviewed, evaluated, and subsequently updated. The Risk Management Policy applies to all employees of the Group who perform any tasks on its behalf, regardless of the scope and duration of their contracts.

Risk management is part of the company management system, which is a critical element of long-term protection and creation of business value. It includes both business risks causing adverse effects and a potential decrease in business value (negative – threats), as well as risks relating to the execution of strategies and processes and risks accompanying development opportunities (positive – opportunities). Risk management spans all levels of corporate management.

The purposes of the risk management system in place at CCC are to:

- Improve the Company's ability to achieve its objectives and the effectiveness and efficiency of its processes, as well as ensure safety,
- Reduce the prevalence of adverse events, ensure better preparation for such events and minimise any resulting losses if they do occur,
- Support a better use of the organisation's resources and promote continuous improvement.

The risk management system in place at CCC S.A. was designed relying on the guidance provided in the international standard ISO 31000:2012 *Risk management – principles and guidelines*. The standard sets out the principles which must be followed to ensure effective risk management and it recommends that organisations continuously improve their risk management framework. The basic assumption is to integrate the risk management process across various corporate areas and the overall corporate governance.

The evaluation of the risk and organisational environment assessment context covers both the internal and external environment. The context assessment includes such elements as social and cultural conditions, political and legal environment, regulations applicable to the organisation, technological conditions, economic situation, natural environment, other economic operators and their activities, etc. Furthermore, key trends and factors that are likely to affect the objectives of the organisation are also considered, and so are stakeholder relations. The internal environment of the organisation is evaluated mainly in terms of corporate governance, structure and culture (including but not limited to roles and responsibilities, accountability), policies, objectives and strategies, available resources and expertise (e.g. capital, time, people, processes, systems and technologies), IT systems, information flows, decision-making processes (formal and informal), relations with internal stakeholders, their perceptions and values, standards, guidelines and models adopted by the organisation, as well as the form

and extent of contractual relationships. Additionally, the organisational environment provides the basis for defining the adopted and approved business objectives and for determining the risk appetite level and tolerance for individual risk categories. The definition of those elements makes it possible to specify the strategic framework of the risk management process throughout the organisation.

The risk management system is based on:

- The corporate structure, which includes the allocation of powers and responsibilities between the companies' governing bodies, business units, organisational units and projects,
- The risk management process, including risk identification, measurement and assessment methods, mitigation measures, risk monitoring, controlling and reporting.

### Role of the Management Board and Supervisory Board in the non-financial risk identification and management system

**The Supervisory Board** exercises permanent supervision over the risk management process and evaluates the adequacy and effectiveness of this process as part of its tasks prescribed by the Articles of Association and the Rules of Procedure for the Supervisory Board, as well as through the Audit Committee, with the Company's Supervisory Board being responsible for the supervision of the risk management process across the CCC Group.

**The Management Board** organises and guarantees operation of the risk management system by adopting risk identification and assessment principles, being responsible for the oversight of the risk management process across the CCC Group, while the Management Boards of individual Group companies are responsible for risk management processes in their respective companies.

As part of the above-described risk management process, the Company's Management Board is responsible for the final approval of the risk acceptability threshold, of the Risk Register and the Corporate Risk Map, as well as of the unacceptable risk handling plan.

Risk reviews are carried out by the Management Board depending on the risk level: once a month as a minimum or once a quarter as a minimum. The person in charge of internal audit is responsible for periodical reporting of the Group's risks to the Management Board at least once every six months and to the CCC Supervisory Board on a quarterly basis or whenever the aforesaid bodies so request. Moreover, the Management Board and the Supervisory Board perform reviews of the economic, environmental and social impacts as well as opportunities of the Group at least once a year.



**List of identified material non-financial risks:**  
[GRI 102-15]

Area	Risk	Details
Management	<ul style="list-style-type: none"> <li>Corruption risk</li> <li>Risk of changes in the global economic climate</li> <li>Risk of constraints due to unforeseeable economic and political developments</li> <li>Risk of inadequate sales network efficiency</li> <li>Risk of loss of the brand value and recognition</li> <li>Risk associated with location of the retail stores</li> <li>Risk of the ICT system failure</li> <li>Risk of insufficiently secured contracts</li> <li>Risk related to fashion trends and unsuccessful collections</li> </ul>	Described further down in this Section
Supply chain	<ul style="list-style-type: none"> <li>Risk of human rights violations in the supply chain</li> <li>Risk of limited availability of suppliers</li> <li>Risk related to transport (rail, port or warehouse) infrastructure constraints and random events occurring in land transport</li> <li>Risk associated with a shipowner's conduct (negotiating position)</li> <li>Risk related to product quality and safety</li> <li>Risk related to customer complaints</li> </ul>	Described in Section 3.2
Customer service	<ul style="list-style-type: none"> <li>Risk of insufficient transparency in customer and consumer communication</li> <li>Risk of mistakes in handling customer orders</li> <li>Risk of personal data leakage</li> </ul>	Described in Section 4.3
Labour issues	<ul style="list-style-type: none"> <li>Risk of wage pressure</li> <li>Risk of skilled labour shortage</li> <li>Risk of increasing turnover in key positions</li> </ul>	Described in Section 5.4
Social issues	No material risks were identified in the social area	Described in Section 6.4
Environmental issues	<ul style="list-style-type: none"> <li>Risk of regulatory changes related to environmental protection and climate change</li> <li>Risk of changes in prices of materials and raw materials</li> <li>Risk related to the availability of raw materials</li> <li>Risk of an adverse event involving a breakdown or fire</li> <li>Risk of increased water consumption</li> <li>Risk of unpredictable weather conditions</li> <li>Risk associated with the use of chemicals</li> </ul>	Described in Section 7.7



## Material management risks [GRI 102-15]

### 1. Risk of corruption

Corruption involves the possibility of loss of the Group's reputation, imposition of legal sanctions, and significant deterioration of the Group's financial results.

**Description of the risk management approach:** The Group takes the following measures to mitigate the corruption risk:

- Obligation of the employees and contractors to observe the rules and prevent corrupt behaviour in accordance with the CCC Group Anti-Corruption Code, the Code of Ethics and the anti-corruption procedures,
- Regular identification of corruption risks within the scope of the managers' activities, robust internal control, and ensuring the transparency of processes and activities in terms of anti-corruption,
- Anti-corruption clauses extending to investment orders,
- Making available the tools and creating the possibility of anonymous reporting of violations and misconduct (whistleblowing),
- Anti-corruption training for employees.

### 2. Risk of changes in the global economic climate

The CCC Group operates primarily in the Polish, Czech, Hungarian, Romanian and Slovakian markets, so the consumers' purchasing power and propensity to consume are important factors to the Group. Any deterioration of the economic conditions may have an adverse effect on the Group's operating results and financial standing. The CCC Group is also active in several dozen other foreign markets (e.g. Austria, Croatia, Slovenia, Bulgaria, Serbia, Russia, Ukraine, Lithuania, Latvia, Estonia).

**Description of the risk management approach:** The Group takes steps to mitigate the effects of the risk relating to the general economic climate by:

- Diversifying its operations in terms of countries in which it is present (reducing the economic situation interdependency between countries),
- Monitoring the economic situation globally and in the countries relevant to the Group, and adjusting the Group's strategy accordingly,
- Monitoring important economic indicators in selected countries (unemployment rate, GDP per capita, CPI).

### 3. Risk of constraints due to unforeseeable economic and political developments

Any dynamic changes taking place in the foreign markets with which the CCC Group cooperates may result in international trade constraints due to strikes, conflicts, customs controls, epidemics, etc.

**Description of the risk management approach:** The Group's activities designed to mitigate the effects of the risk associated with the changing political and economic situation include:

- Diversifying operations in terms of countries in which the Group is present,

- Monitoring the political and economic situation and adjusting the Group's strategy accordingly,
- Appropriate inventory management,
- Development of emergency procedures.

### 4. Risk of inadequate sales network efficiency

The Group plans to expand the retail area of CCC stores by up to 120,000 m<sup>2</sup> by 2022, and to focus on the 500-800 m<sup>2</sup> format as the optimum size of a CCC store. It also intends to increase the e-commerce channel's contribution to total revenue. If the Group fails to achieve those objectives, it may lose market share to the competition, which may affect its revenue levels. At the same time, in the event that the sales network development proceeds in a way that is not in line with the market demand, the Group may incur costs in excess of the planned and necessary expenditures.

**Description of the risk management approach:** In order to mitigate the risk of inadequate efficiency of the sales network, the Group has introduced the following solutions:

- Monitoring of activities undertaken by the competition,
- Monitoring of the situation in the industry,
- Monitoring of the macroeconomic situation,
- Developing the GO.22 strategy,
- Creating a detailed plan and a dedicated team responsible for the implementation of objectives related to the development of own sales network,
- Launch and development of the ccc.eu online platform,
- Launch and development of the CCC mobile application,
- Development of multi-channel sales, with a particular focus on e-commerce.

### 5. Risk of loss of the brand value and recognition

Brand recognition improvement and brand value growth are important factors driving customer retention and contributing to a regular expansion of the customer base, which translates into higher market shares and revenue. A decrease in the brand recognition and value may lead to customer attrition, a drop in market shares and, consequently, lower revenue.

**Description of the risk management approach:** In order to further increase its brand recognition and value, the Group has taken the following measures:

- Application of appropriate advertising and promotion instruments and media,
- Store upgrades,
- Ensuring the presence of stores in prestigious locations,
- New channels to reach the client such as mobile applications and the ccc.eu platform,
- Increased presence in social media,
- Operating own social media channels with high quality content.

### 6. Risk associated with location of the retail stores

Location of the retail stores is an important factor that determines the brand's attractiveness to consumers. Inappropriate choice of a location may lead to low profitability of a store and may affect profitability of the entire Group.

Strengthening of the Group's market position through dynamic development of the retail chain may involve the risks of wrong choice of location and of a limited number of new attractive sites

**Description of the risk management approach:** In order to ensure an appropriate choice of locations, the Group performs a detailed location analysis before a decision on signing the lease contract is made, and bases its decisions on historical data. In accordance with the adopted GO.22 strategy, for the next three years the Group plans a much more selective approach to the development of its brick-and-mortar store chain, which will involve, inter alia, scaling down the plans to expand new retail areas, closing down the least profitable sites, focusing on the preferred CCC format of about 500-800 m<sup>2</sup>, and opening hybrid eobuwie.pl stores.

### 7. Risk of the ICT system failure

The CCC Group's business model relies to a significant extent on ICT solutions, which determine a major part of its logistics, procurement, sales and e-commerce processes. Any ICT system failure and lack of adequate contingency plans may result in a temporary interruption of a process, potentially leading to adverse business consequences.

**Description of the risk management approach:** In order to ensure efficient operation of the IT systems and to mitigate the risk of their failure, the Group takes care to have in place an appropriate technological backup of its IT processes and emergency power supply for the key components of its IT structure. The CCC Group has also implemented and applies the IT Systems Security Policy.

### 8. Risk related to insufficiently secured contracts

This risk is directly related to the potential insolvency of our trading partners and the resulting financial bottlenecks. If such a bottleneck occurs and the contract is insufficiently secured, the Group may lose the shipped goods or a specific amount of money. A potential violation of laws or regulations through, for instance, data leakage or unauthorised use of data and content, gives rise to reputational and financial risks (penalties, fines).

**Description of the risk management approach:** The Group drafts detailed contracts with its suppliers and freight forwarders, standardises contracts, uses contract cards, and verifies contracts in detail in cooperation with the legal department.

### 9. Risk related to fashion trends and unsuccessful collections

The CCC Group is exposed to the risk that its collections of footwear and other products may not appeal to customers.

**Description of the risk management approach:** A factor that facilitates mitigation of this risk is the many years' market experience of the parent as well as constant monitoring of trends in European and world fashion (participation in international footwear fashion fairs, for instance in Milan, Garda or Dusseldorf).

### 1.7 NON-FINANCIAL KEY PERFORMANCE INDICATORS

	Unit	Value for the CCC Group in 2019
<b>Labour area</b>		
Accident rate (no. of accidents at work per 1,000 employees)		4.79
<b>Social area</b>		
Complaint rate	number	663,510.00
Percentage of CCC suppliers who have signed the Supplier Code of Conduct	%	93.29
<b>Environmental area</b>		
Electricity consumption per pair of shoes sold	kWh/pair	4.10
Scope 1+2 GHG emissions per pair of shoes sold	kg CO <sub>2e</sub> /pair	1.80
Percentage of waste recycled	%	86.10
Share of leather from certified tanneries in the products	%	15.00

The non-financial key performance indicators are monitored only at the consolidated level, i.e. for the CCC Group as a whole, except for the complaint rate, which is relevant to the following companies: CCC S.A, CCC Czech Republic, CCC Austria, CCC Hungary, CCC Slovenia, CCC Croatia, CCC Bulgaria



# OUR MISSION



# 2

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SUSTAINABLE  
DEVELOPMENT  
AND THE CSR

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INNOVATIONS

# OUR MISSION

**O**ur mission is to drive the Group's value growth by satisfying the needs of existing and future customers. Sustainable development underpins our business practice and is a pillar of the CCC Group's GO.22 strategy.

## 2.1 SUSTAINABLE DEVELOPMENT AND THE CSR

The CCC Group pursues its sustainable development and non-financial reporting activities in line with applicable laws and international regulations, including the following:

- **EU Directive on the disclosure of non-financial and diversity information** (Directive 2014/95/UE),
- **Act amending the Accounting Act** of December 15th 2016,
- **European Commission's Guidelines on non-financial reporting** (2017/C 215/01),
- European Commission's Guidelines on non-financial reporting: **Supplement on reporting climate-related information** (2019/C 209/01).

The CCC Group is actively contributing to the Sustainable Development Goals (SDGs) adopted by the Member States of the United Nations. These goals focus on attaining sustainable development across its three dimensions: economic growth, social inclusion and environmental protection.

### CSR strategy

At the CCC Group sustainable development is based on four core strategic areas	<a href="#">1. Responsible product</a>
	<a href="#">2. Responsible environmental protection</a>
	<a href="#">3. Responsible employee</a>
	<a href="#">4. Social responsibility</a>

Delivering strong performance metrics in each area is our ambition and our contribution to furthering Sustainable Development Goals (SDG).

Our CSR strategy also supports the achievement of business goals and long-term benefits, such as strong stakeholder relationships, increased employee satisfaction and motivation, consistent building of competitive position, and stable company growth. The ultimate performance indicator will be successful implementation of all activities defined in the strategy. In order to increase the effectiveness of our efforts, we have set priorities governing our projects and activities in each of the four strategic areas.



Strategic CSR goals implemented in 2017-2019

The CCC Group adopted its Sustainable Development Strategy for the first time in 2017. The document covered projects planned for 2017–2019. A number of activities have so far been implemented in the four key areas:

## 1 Responsible product and supply chain

Ensuring product safety (effective enforcement of product safety certificates from suppliers, testing of footwear in accredited laboratories, preparation for certification of a safe Healthy Foot leather product).

Development of the Go for Nature line (eco-friendly product category made with environmentally friendly technologies or materials; Leather Working Group's certificates for all products in the Lasocki Kids and Lasocki Young collections).

Regular quality checks and inspections of manufacturing conditions at the producers' facilities.

Improving dialogue with customers (joining the Out-of-Court Consumer Dispute Resolution Programme).

Launch of the esize.me service, which provides 3D scanning to assist customers in choosing perfectly fitting shoes without trying them on.

NPS feedback system and swipe function (like/dislike) in the app.

Custom fit shoe insoles offered by eobuwie.pl.

## 2 Responsible environmental protection

Implementation of the Code of Ethics and the Supplier Code of Conduct.

Implementation of innovative solutions to reduce adverse environmental impacts (photovoltaic farm, cartoning machine, discontinuation of the use of plastic bags at CCC stores and online stores ccc.eu and eobuwie.pl, transporting part of deliveries by rail, waste reduction, use of bulk carton boxes in the warehouse and distribution processes).

Reduction of CO<sub>2</sub> emissions by 620 tonnes.

Installation of smart building management systems.

Eliminating unnecessary sources of energy consumption in brick-and-mortar stores by switching off the 'stand by' mode on all devices except for the server power supply.

## 3 Responsible employee

Employee satisfaction surveys.

Promoting employee development (training, assistance with the cost of education, English language courses).

Diversity management (hiring employees with disabilities).

Promoting equal opportunities (88% of our employees are women).

Collaborative partnerships with universities (internships and apprenticeships, post-graduate and dual studies).

Comprehensive employee volunteering programme.

Effective internal communication and crisis communication procedures.

*Action Innovation*, a programme enabling employees to submit ideas for improvements in their respective areas.

## 4 Social responsibility

Promoting sports and healthy lifestyles.

Sponsorship of cycling and basketball teams and promoting development of cycling academies.

Social outreach initiatives (*Spokes. The Polkowice City Bike*, etc.).

Involvement in charity projects (*Noble Gift, Great Orchestra of Christmas Charity*, etc.).



CSR strategic goals for 2020-2022

Sustainable development is one of the pillars of the CCC Group's GO.22 business strategy unveiled on January 29th 2020.

In 2019, the Group developed a detailed Go Human sustainable development strategy for the next three years, which will be announced in the first quarter of 2020.

The Group's objectives and priorities defined in the sustainable development strategy for 2020–2022 cover the following areas: responsible product and supply chain, responsible environmental protection, responsible employee, and social responsibility.

1. Responsible product and supply chain



CCC builds brand equity by deliberately managing customer experience and engagement across all sales channels. It offers safe, quality products made of materials obtained from well-known sources with the environment in mind, and sold responsibly.

2. Responsible environmental protection



CCC operates on a strong ethical foundation, improves its management process taking into account social risks along the supply chain, and takes action to attain cost efficiencies and strong environmental performance. As a responsible company we actively work to build environmental awareness among our employees and the local community. We believe that the knowledge we share will result in pro-environmental choices and attitudes of our employees in every aspect of their lives. CCC conducts environmentally friendly manufacturing operations, uses natural resources efficiently and collaborates with environmental institutions.

3. Responsible employee



We believe that the implementation of the CSR strategy should start at home. It is employees that are the first point of interaction with customers and other external stakeholders.

CCC provides its employees with dynamic development opportunities in Poland and abroad based on a coherent organisational culture, respect for diversity, cooperation and employee engagement, and innovative development projects. CCC runs employee participation initiatives as well as employee development and competence enhancement programmes.

4. Social responsibility



CCC works for the benefit of local communities, engaging its own employees and local governments, and supports sport development of youth and professional sports teams. CCC collaborates with institutions that pursue educational goals.

## 2.2 INNOVATION

Innovation is an important area of activity for the CCC Group, where projects are developed to minimise the negative environmental impacts and improve the Company's operations. Innovations are implemented primarily in the areas of distribution, logistics and warehousing.

Owing to the initiatives, projects and ideas of our employees and with the use of advanced technologies, the CCC Group's projects in 2019 included:

- Implementation of the CCC mobile application platform,
- Implementation of ERP (Enterprise Resource Planning), WMS (Warehouse Management Software), CRM (Customer Relationship Management) and e-commerce,
- Implementation of the e-size.me platform, with one of the purposes being the reduction of returns in the online ordering process,
- Deployment of the *Grafik Optymalny* application as an aid in work scheduling for the Company's sales force,
- Launching a fleet of lithium-ion battery powered trucks, which eliminated harmful gas emission in truck loading processes,
- Introduction of DALI-controlled LED lighting.

The innovations result in a range of clear benefits, including but not limited to:

- Lower energy intensity,
- GHG emission savings,
- Elimination of resource wastage,
- Cost reductions perceptible by the Group companies.

In terms of sustainable development and innovation, the CCC Group is working on solutions to support sales and intends to implement the following projects:

- Opening a modern e-commerce logistics centre with state-of-the-art packaging machines, a high-performance sorting machine and automated picking robots,
- e-size.me scanners – having more than 200 e-size.me scanners deployed in CCC's brick-and-mortar stores in Poland in 2020,
- New POS – improving customer service, store operations and the quality of customer experience; new sales software that integrates warehouse processes, transactions, complaints, returns etc.,
- 100% coverage by online kiosks in Poland – deployment of kiosks in all CCC stores in Poland,
- First self-service checkouts in CCC stores in Poland in 2020,
- SAP implementation.

To encourage employees to create and share innovative ideas that could be implemented in CCC S.A., the Company has launched a number of programmes and employee initiatives such as Action Innovation, Retail Accelerator, Innovation Day, PARP (Polish Agency for Enterprise Development) Workshop and other activities at the Research and Development Centre. With respect to innovation projects, CCC cooperates with the Ministry of Development Funds and Regional Policy, Pronos Sp. z o.o., Accenture, the SME sector and other partners.

### Action Innovation

## The aim of *Action Innovation* is to engage employees

in the identification and implementation of improvements in daily activities and customer service. The programme has the form of a competition. Interested employees submit their ideas, which are then evaluated by a jury composed of experts in the relevant fields. Awarded ideas are verified and implemented, at first as pilot projects and subsequently across the CCC Group.

The *Innovation Action* competition is very popular, especially among CCC store employees. It started at the end of 2018, and almost 3,000 ideas were submitted by the end of 2019. In order to improve communication and facilitate the system processing of the employees' ideas, an online *Innovation Action* platform was launched at the end of 2019.

### Retail Accelerator

## The *Retail Accelerator* Programme

The Retail Accelerator Programme is aimed at developing innovations in cooperation with the CCC Group's business environment. Its main goal is to accelerate development and to devise innovative ideas and products addressed to customers and retailers. Selected companies help us achieve a bold development vision leveraging the potential of cloud computing, artificial intelligence (AI), machine learning, the internet of things and big data. Hackathons with startups and partner companies are held in the framework of this cooperation. By doing this, CCC seeks to instil a culture of continuous improvement, a search for improvements and breakthrough ideas and the emergence of bottom-up initiatives within the organisation which could be implemented by the Company.

CCC develops cooperation through its dedicated website ([www.retailaccelerator.com](http://www.retailaccelerator.com)) and partners: Microsoft, Oracle and venture capital funds.

In 2018, CCC S.A. established a contact platform to interact with the startup community, funds and large multinationals (Microsoft, Oracle).

In 2019, CCC received a number of ideas involving self-service solutions (checkouts, kiosks), mobile payments and retailer support applications.



**Project 2.1  
of the Smart Growth Operational Programme**

The Company is implementing a project as part of which the Research and Development Centre (R&DC) was created for the CCC Group.

With investments in devices, equipment and technologies supporting R&D activities aimed at creating innovative products and services for CCC S.A., the project will be a strong development driver for the Company and for the entire European footwear industry in the coming years.

Owing to the research efforts, a packaging concept was implemented in 2019 that enabled cost reductions and minimises waste.

Further innovative solutions are in the pipeline, including:

- Development of the Lasocki brand based on extended footwear life cycles, taking into account preventive health care,
- Establishing a platform for knowledge exchange/ designing interactions in the area of decision-making processes and customer needs.

R&D activities in this area will be carried out with financial support from the EU.

**Workshop with the Polish Agency for Enterprise Development for Enterprise Development**

In the framework of CCC's efforts to provide support for start-ups, the Innovation Team in collaboration with the Polish Agency for Enterprise Development (PARP) delivered a workshop as part of the

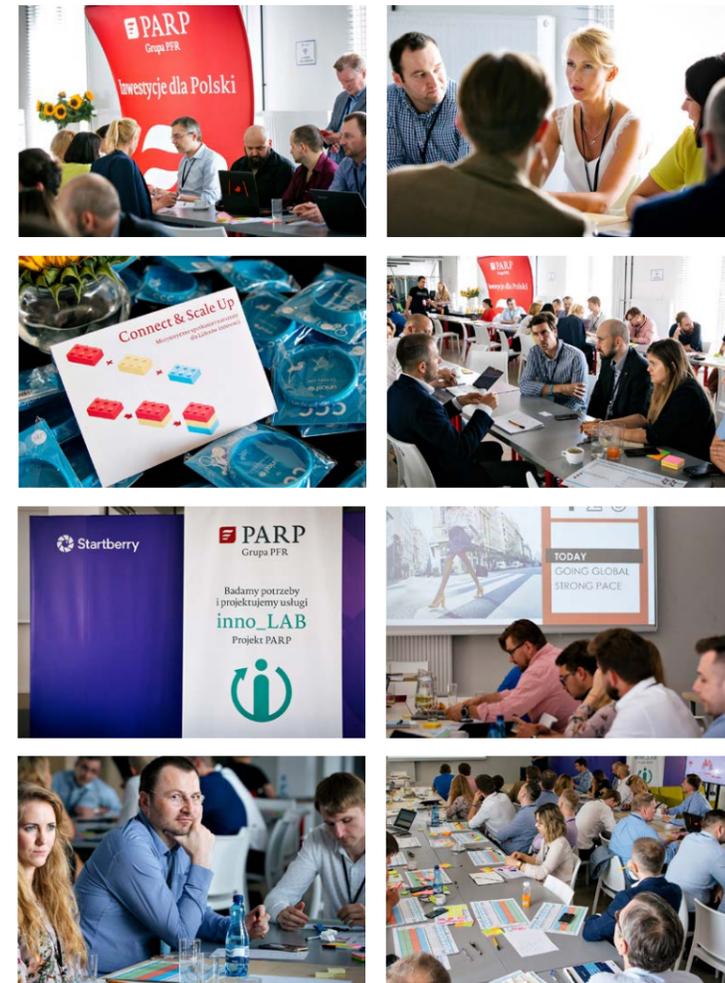
*Connect & Scale Up* initiative.

Contest participants included such companies as CCC, Auchan, T-Mobile, or Tauron.

The workshop was dedicated to the identification of applications for innovative solutions delivered by start-ups to the market to strengthen and support basic processes in large enterprises. The main focus was on the improvement of customer experience with broadly defined digital solutions.

Three key areas of innovation for large enterprises were defined during the workshop:

- Robotic process automation,
- Customisation of offering and customer service,
- Maximising customer self-service.



CCC Store Day

The Company celebrates the *CCC Store Day* on a regular basis, once a year.

The purpose of the event is to offer inspiration and showcase the latest trends for a 'store of the future'. In 2019, five solutions were presented:

- Self-service checkouts,
- Kiosks,
- Mobile checkouts,
- Retailer/shop assistant support applications,
- LED displays for a variety of uses.



# 3

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RESPONSIBLE  
SUPPLY CHAIN

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SUPPLY  
CHAIN RISKS

# SUPPLIERS

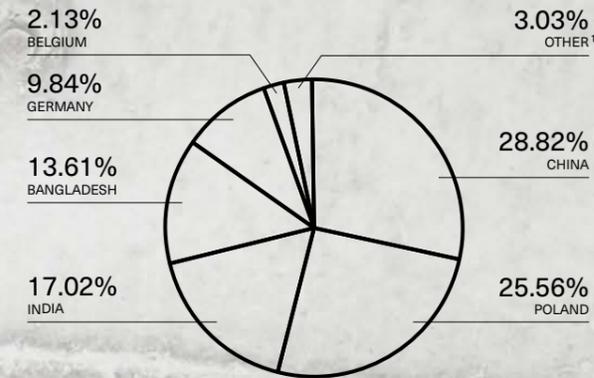
# SUPPLIERS

# 24 countries of origin

# 149 suppliers

Total number of suppliers supplying goods and services directly to the Company in 2019:

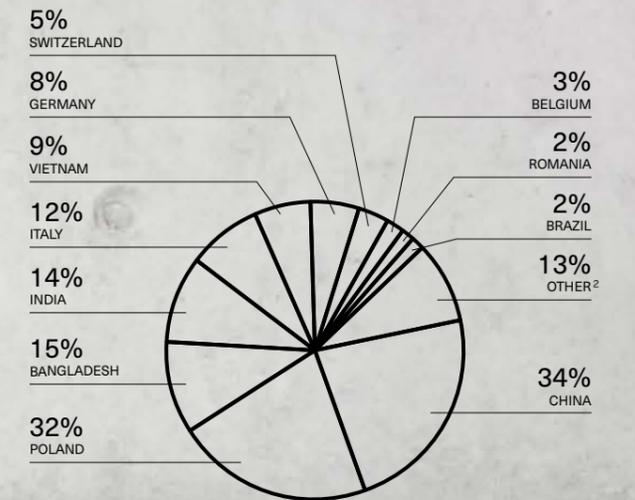
Share in deliveries by value\*



<sup>1</sup>Other: Albania, Bosnia and Herzegovina, Brazil, Spain, the Netherlands, Hong Kong, Indonesia, Cambodia, Morocco, Myanmar, Portugal, Romania, Serbia, Switzerland, Tunisia, Ukraine, Vietnam, Italy

\*The figures do not include supplies to eobuwie.pl

Number of suppliers



<sup>2</sup>Other: Albania, Bosnia and Herzegovina, Spain, the Netherlands, Hong Kong, Indonesia, Cambodia, Morocco, Myanmar, Portugal, Serbia, Tunisia, Ukraine

### 3.1 RESPONSIBLE SUPPLY CHAIN [GRI 102-9, 102-10]

The fast-paced changes in trade resulting from evolving consumer purchasing patterns and new technologies pose a major challenge for the entire retail industry. Our striving for excellence and the aspiration to become the most responsible retail company in the Central European region are among the most important aspects that determine improvement of processes within the supply chain. CCC is also aware of the interdependencies and the wide range of impacts arising from its presence in numerous foreign markets and cooperation with multiple suppliers.

For this reason, effective supply chain management and relationships with partners are an important part of the Group's activities. These relationships are based on mutual

trust, long-standing cooperation, shared goals and values. The CCC Group is committed to delivering a positive partnership experience to its suppliers: it engages in dialogue, visits their factories, discusses any emerging problems and solutions, and invites the suppliers to the corporate head office in Polkowice.

By developing partner relationships and high standards and imposing clear requirements on contractors, the Group minimises its operational and reputation risks, and the suppliers improve the living conditions of their employees and local communities and the performance of their business processes.

#### Overview of suppliers

The CCC Group offers products from its own factories in Polkowice (CCC Factory Sp. z o.o.) and Słupsk (Gino Rossi Sp. z o.o.), as well as from many domestic and foreign suppliers.

In 2019, own factories and other domestic suppliers delivered goods representing more than 36% of the overall value of purchases. Asia accounts for 60% of footwear purchases by value. The main import market is China, with an approximately 27% share in the Group's total supplier mix.

Seeking to develop new designs and accelerate its production processes, the Group establishes cooperation with specialised factories in Albania, Serbia, and Bosnia and Herzegovina.

**Supplier selection**

Long-standing relationships with its trading partners enable CCC to develop common labour standards, with the resulting benefits including satisfaction of strict requirements relating to product safety and quality, timely production and deliveries, as well as respect for human rights and compliance with social and environmental criteria.

CCC.eu Sp. z o.o. of Polkowice, the entity that orders products for the whole Group, sets out standards and implementation guidelines for suppliers to ensure that every product meets customer expectations and is safe to use. CCC.eu Sp. z o.o. builds its base of footwear suppliers based on clearly defined rules aligned with the internal requirements regarding cooperation.

Before signing a cooperation agreement, a supplier needs to meet certain requirements in areas such as:

**Price**

When selecting its footwear/bags suppliers, CCC.eu looks at pricing and considers which party covers the costs of delivery and transport.

**Production quality and timeliness**

These are key factors taken into account when choosing a supplier. CCC only works with reliable partners who are capable of meeting all safety and quality requirements. Suppliers are obliged to deliver products that meet all required standards and do not pose any risks to the health and life of consumers.

**Potential**

It takes into account the production capacity of the plant or factory.

**Quality of service**

Assessment covers the overall business proposal of a supplier. The quality of machinery and equipment as well as the supplier's experience in dealing with European customers are very important.

In addition, specific requirements for the production of footwear as well as labour and environmental standards are communicated to each supplier. Suppliers are selected for more than one season. The Group prefers those who will be able to develop together with CCC in areas such as design, material quality, production quality, sustainability and transport.

The CCC Group has had a base of cooperating factories for years, and its areas of focus for the future are long-term business relationships, manufacturing in Poland, factories producing exclusively for CCC, onsite supervision by CCC staff and regular visits to factories abroad.

**Cooperation with suppliers**

[GRI 102-34, 416-2, 307-1, 308-1, 308-2, 414-2]

The CCC Group offers its partners a sense of stability, guaranteeing payments for the services provided as well as minimum order volumes required to maintain the continuity of production. The cooperation between the CCC Group

and a supplier is based on orders placed for finished goods. Quality and safety requirements, procedures, a schedule and the Supplier Code of Conduct together with the Restricted Substance List are all important elements of the ordering process. The standards which should be met by a supplier with regard to labour and human rights are set out in the Code of Conduct, which is described in detail in the subsection 'Respect for human rights in the supply chain' of Section 1.5.

Suppliers are obliged to:

- Implement the standards set forth in the Code in their own business activities and those of their sub-suppliers,
- Identify and manage risks with respect to the issues covered by the Code,
- Continuously improve and implement potential corrective measures,
- Immediately report any events resulting in violations of the Code.

The first version of the Code of Conduct was drafted in 2017, and consultations with suppliers regarding particular provisions of the Code took place in the same year. In 2018, the Code of Conduct was adopted and submitted to suppliers for signature, and most of them agreed to apply its provisions. 10 suppliers who had their own supply chain social standards in place opted not to sign the Code. All of them are international manufacturers of third-party brands, who have their own sophisticated ethics systems and supply chain monitoring tools. CCC has signed separate agreements with those partners in the context of the Code. In December 2018, the Supplier Code of Conduct was extended to include provisions on the Restricted Chemicals List (RSL) with a specification of substances and their quantity limits as well as a list of accredited laboratories where suppliers could perform chemical testing.

In accordance with those provisions, suppliers must guarantee that none of the goods supplied contain prohibited substances and contaminants or exceed the thresholds. Suppliers undertake to have each colour and model combination of the manufactured footwear and all components tested by accredited testing laboratories and to carry out all tests for contamination.

CCC does not accept products that do not comply with the current RSL. Before shipping any finished goods, each supplier is obliged to present the results of laboratory tests for chemical substances. The Supplier Code of Conduct sets out procedures for reporting abuse in the supply chain. Any violations should be reported to the email address provided in the Code of Conduct. The CCC Group takes all notifications seriously, guaranteeing full discretion.

In 2019, inspection authorities identified one irregularity in terms of product safety at the CCC Group. The consumers who purchased the faulty product were offered the possibility of returning it at any retail store of CCC. This was one case only and no other deficiencies were ascertained regarding safety and presence of prohibited hazardous substances, or any adverse environmental impacts in the supply chain. Thus, no penalties or sanctions were imposed.



**More than 15 years of cooperation**

**9 suppliers:**

5 from Poland, 2 from China, 1 from Italy, 1 from Bangladesh

**Between 10 and 14 years of cooperation**

**19 suppliers:**

4 from Poland  
8 from China  
7 from India

In 2019, the Company cooperated with

**149 Polish and foreign suppliers**

### Supplier monitoring and evaluation

[GRI 412-1, 416-1]

The CCC Group has established its representatives in high-risk countries (Bangladesh, India) who personally check and supervise the factories, control product quality and safety, and verify whether production and employment conditions are in accordance with the CCC Group's Supplier Code of Conduct.

The main tools for supplier monitoring and evaluation include:

- Hiring permanent CCC staff in Asian factories who are responsible for the production process and for inspecting the conditions in individual plants.

**13 CCC employees exercise regular onsite supervision in Asian factories.**

**20 factories produce exclusively for CCC.**

- Regular factory visits by head office employees.

**Employees of the Procurement Division spent approx. 60 days in 2019 visiting factories in China. They are six people who take turns to personally check compliance with CCC standards a few times a year.**

- Social audits of suppliers.

The CCC Group does not carry out audits on its own. Instead, it obligates its suppliers to present the results of audits conducted by trusted organisations on a regular basis. The Group verifies how many audits have been carried out by its suppliers and checks for compliance with the principles of the Code of Conduct with regard to social and environmental matters. The tools for supply chain management, monitoring, evaluation and auditing are continuously developed and improved. The audits are carried out by organisations which inspect working conditions in manufacturing plants.

Two CCC subsidiaries (Karl Vögele AG, HR Group) belong to amfori BSCI, an organisation whose mission is to enable each of its members to enhance human prosperity, use natural resources responsibly and drive open trade globally. It was decided that audits of selected factories producing for CCC will also be carried out in accordance with the amfori BSCI standards. In other cases, the audits are carried out in accordance with European standards.



## The choice of suppliers is very important for CCC and it is subject to ongoing review.

Based on this review and if any irregularities are identified, the Group, together with the supplier, applies corrective or preventive measures. If any goods are suspected or found to be non-compliant with safety requirements, the Group immediately takes appropriate steps to clarify the situation with the supplier of the goods. Suppliers verify the reported deficiencies and take action to determine their causes. In addition, suppliers contact sub-suppliers, checking the quality of materials used for production. In such a situation, suppliers are obliged to initiate corrective and remedial measures in order to prevent any future recurrence.

The situations described above occur incidentally, however they are still relevant for the evaluation of the supplier. The supplier is warned, monitored and made aware of the consequences of the incident. If the supplier demonstrates commitment to maintaining product safety and quality, the cooperation is continued. In justified cases, CCC reserves the right to suspend or terminate the cooperation.

In 2019, clauses were implemented to regulate human rights considerations in all contracts and orders. They obligate all suppliers and subcontractors to respect the principles, laws and regulations concerning human rights. For details, see Section 1.5.

In 2019, the CCC Group worked on a supply control programme and undertook to introduce formal regulations in order to enhance safety oversight in the supply chain, covering such issues as qualifying suppliers for audits or implementing tools to manage, monitor, evaluate and audit the supply chain. Efforts to implement the regulations are under way and are scheduled to finish in 2020.

## The CCC Group's commitments for the future:

- Verify the origin of materials, especially leather,
- Educate suppliers on human and labour rights as well as environmental laws.

### Logistics

All CCC suppliers deliver ordered goods to the CCC Logistics Centre in Polkowice and Zielona Góra. These locations are the key elements of the entire logistics chain. That is where all new shoe collections are stored before they are sent to individual stores in Poland and abroad.

## 3.2 SUPPLY CHAIN RISKS

CCC has clearly defined risk management rules that help to effectively minimise the risk of adverse internal events and mitigate the effects of unfavourable external developments. They ensure the safety of the Company's business activities, effective decision making and achievement of the objectives stated in the CCC strategy.

### 1. Risk of human rights violations in the supply chain [GRI 408-1, 409-1]

According to data provided by the ILO (International Labour Organisation<sup>1</sup>), supply chains are particularly vulnerable to human rights violations. Key risks for the supply chain include: child labour, forced labour, violations of fundamental workers' rights, non-compliance with minimum wage legislation, violations of the freedom to associate.

**Description of the risk management approach:** The Group takes measures to minimise the impact of the risk of human rights violations in the supply chain by:

- Using a risk assessment system to monitor and identify significant risks in the supply chain,
- Monitoring, evaluating and enhancing safety oversight in the supply chain (regular factory inspections and monitoring to check the production process and working conditions, social audits of suppliers),
- Enforcing compliance with the Supplier Code of Conduct,
- Offering broad access to training and procedures supporting the prevention of discrimination, sexual abuse and harassment at work,
- Obtaining information about the origin of materials and developing an audit system to enable dialogue with local employees and other stakeholders, including trade unions.

### 2. Risk of limited availability of suppliers

This risk is associated with overloaded transport points and lines that may increase in-transit times and transport costs.

**Description of the risk management approach:** The Group takes steps to mitigate the effects of the risk associated with the limited availability of suppliers by diversifying carriers and suppliers, planning and using different transport routes, introducing carrier policies and performing service quality control (transport prices).

### 3. Risk related to transport (rail, port or warehouse) infrastructure constraints and random events occurring in land transport

Any disruptions in the transport (rail, port or warehouse) infrastructure or random events occurring in land transport carry the risk of supply constraints that may lead to deteriorated efficiency and regularity of production and sales.

**Description of the risk management approach:** The Group takes steps to mitigate the effects of the risk by diversifying its carriers, using different transport routes, and flexibly switching to road transport.

### 4. Risk associated with a shipowner's conduct (negotiating position)

This risk arises when the conduct of a shipowner is in conflict with the Company's interest. It also extends to situations where the terms of contracts for maritime transport are unfavourable but cannot be changed due to the strong position of the shipowner.

**Description of the risk management approach:** The Group takes steps to minimise the risk by fine-tuning contracts with shipowners, forwarding, and creating options to redirect freight of products to land transport.

<sup>1</sup> ilo.org/global/topics/forced-labour/statistics/lang--en/index.htm



# 4



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# CUSTOMERS

## 4.1 SALES AND PRODUCT SAFETY

The main product that customers buy in CCC stores is footwear, which represents 87.8% of total sales. CCC offers both private label and third-party (sports) brands.

### 2019 sales analysis

Product	Share of sales
Footwear	87.8%
Bags	5.5%
Other	6.7%

The CCC product range is targeted at consumers across socio-economic profiles. Over the past two years the traditional range of CCC's own brands such as Lasocki, Jenny Fairy and Sprandi has been joined by sports shoes brands, the fashionable DeeZee brand, and premium leather footwear brand Gino Rossi. Although the range is constantly expanded, the awareness of the types of products available in CCC stores varies according to the age of customers. In order to best cater to the requirements of different age groups, CCC offers shoes tailored to the needs of each target group in addition to its comprehensive year-round range.



Go for nature

### Product quality labelling [GRI 417-1, 417-2]

## Quality standards

The quality standards for products ordered by CCC are set out in the Supplier Code of Conduct, which also contains a list of prohibited and hazardous substances. All products manufactured for CCC must comply with standards of the target sales markets. Suppliers are required to present certificates of tests for harmful substances and a document certifying the material composition of every model.

All products undergo two quality checks. The first one is carried out by qualified personnel when the product is still at the factory and the other one is conducted by a trained team of supply and quality control inspectors when the product arrives at the Logistics Centre

In order to be allowed to be marketed, every product must pass (chemical) safety tests in line with the CCC Group Supplier Code of Conduct. If any irregularities are detected, the product may not be dispatched to the central warehouse in Polkowice and a new batch of footwear must be manufactured and tested.

Every product must be properly labelled and have information visible to the customer about its material composition, price, product type, colour and country of origin. Shoe care guide is also attached to every product.

All requirements for product quality labeling, which are imposed by the law of local markets (countries in which we sell footwear) are met. Pursuant to a Regulation of the Council of Ministers, every item of footwear should be marked with a pictogram indicating the material of which it is made. Every pair of shoes should also contain consumer information on the type of weather for which it is intended and care information. Products with no such labelling are not allowed to be marketed.

Product quality labelling requirements are laid down in the Consumer Law (Section 4.2).

## Special product labelling

In accordance with the fifth pillar of the GO.22 business strategy described in Section 1.2, the CCC Group is expanding the range of environmentally friendly and fair trade products. Currently, all products of the Lasocki Young and Lasocki Kids lines are Leather Working Group-certified, which means that the leather they are made of is sourced from environmentally friendly tanneries certified in accordance with the Leather Working Group Protocol. These products have the ECO-FRIENDLY label on them, and they are available in CCC online and brick-and-mortar stores.

The CCC product department is working on a line of eco-friendly products that will be additionally labelled with certification marks.

The line will comprise Go for Nature footwear and accessories, which CCC plans to launch gradually from 2020.

CCC can see that the awareness of sustainability among customers is growing and their needs are changing, particularly in Western Europe. The customers are increasingly interested in recycled products, eco leather, and ethical production. Adding such products to the range is our response to those changes.



## Customer service

### 1. Customer Service Standards for Brick-and-Mortar Stores procedure

Our customer service policy is set out in detail in the Customer Service Standards for Brick-and-Mortar Stores procedure, which applies to all sales personnel in Poland, Austria, the Czech Republic, Croatia, Slovakia, Slovenia, Bulgaria, Serbia, Romania, Lithuania, Latvia, Estonia, Moldova and Hungary.

The procedure aims to regulate customer service in order to improve customer experience and optimise work in CCC stores. It covers the following aspects:

- Store and space organisation,
- Customer service – creating a positive environment,
- Guidelines on serving customers with disabilities,
- Customer service – sale process: Five-Star Sales,
- After-sales service – returns,
- After-sales service – complaints,
- Phone calls,
- Personnel appearance.

### 2. E-learning platform for interactive training

As part of an interactive training project, a series of Sales Standards training courses was created for all members of sales staff in Poland, Austria, the Czech Republic, Slovakia, Croatia, Slovenia, Bulgaria and Hungary. The training touches upon such aspects of customer service as research of customer needs, product presentation, solving customer concerns and sale finalisation. Eight training courses were run in 2019, which were attended by store staff, sales network managers and head office staff who provide sales network operational support.

### 3. Mystery shopping

CCC stores are regularly subject to mystery shopping research. It consists in audits carried out in brick-and-mortar stores by qualified interviewers using a mystery customer survey to evaluate areas related to customer service. The survey is to provide comprehensive feedback on customer service during a visit in a CCC store. All elements evaluated in the mystery shopper survey are sourced from the Customer Service Standards for Brick-and-Mortar Stores procedure.

In order to maintain customer service excellence and to introduce changes if needed, mystery shopper surveys are conducted four times a year. The survey is carried out in all stores in Poland, Russia, Ukraine, the Czech Republic, Slovakia, and Hungary. A total of 2,911 audits were conducted in over 720 stores in 2019.

### 4. Customer Service Office

The beginning of e-commerce operations in Poland, the Czech Republic and Slovakia and the ongoing work to launch online stores in other foreign markets (Romania, Hungary and Austria) caused the Customer Service Office to expand and change its structure in 2019. As of July 2019, the Customer Service Office is responsible for all contacts

with customers, particularly with regard to handling orders and reservations (made via phone, email, web form and FB), providing sales network support in the 'buy online and pick up in store' process and online sales (returns of products bought online, etc.), and replying to queries asked on Facebook. In Poland, the Customer Service Office handles other processes as well, including courier complaints, contacts with customers concerning orders, and clarifications during processing in the Orders Department and the Warehouse.

### Enhancing customer service efficiency

The CCC Group regularly seeks customer feedback in order to improve customer satisfaction. As part of this effort, CCC:

- Monitors customer posts on the Internet using an external keyword research tool and helps to solve reported issues,
- Monitors and moderates customer reviews which appear under the name of all CCC stores on the Internet, the collected information is used to assess the perception of the sales network by customers,
- Conducts surveys to collect customer ratings and preferences concerning online shopping, visits in brick-and-mortar stores, work of Customer Service Office agents and shopping preferences; in 2010, CCC plans to launch a survey to assess the quality of the ccc.eu website,
- Collaborates with Opineo.pl.

As part of the efforts to optimise customer service channels, a project to create and deploy a chatbot was launched in 2020. This tool will enable:

- receiving a response directly from a Hotline agent,
- receiving a response without contacting an agent, based on already prepared information,
- verifying certain information based on integration with external services (shipment status, complaint status, product availability).

Another project involving Customer Service Office representatives concerns the location of major processes and gathering all information needed for customer service in a single control panel. One of the project components called 'Operational CRM' analyses the feasibility of building a tool that would optimise the work of Customer Service Office agents in the operational and customer communication areas. The possibility of gathering in one place such information as sales history, customer preferences and ready-made sales recommendations for customers is being explored. This would enable the Customer Service Office to provide a more comprehensive and faster service but also to offer customers the option to buy online on personalised recommendations based on historical data.

### Customer satisfaction

The CCC Group conducts regular surveys among its customers. The surveys have demonstrated that CCC is the number one brand in Poland in terms of value for money.

(YouGov BrandIndex survey)

Moreover, the NPS (Net Promoters Score) shows that 85% of customers shopping in CCC stores find what they are looking for, 87% are satisfied with the service, and 89% are satisfied with the product range.

(IQS external survey, November 2019)

The CCC Group constantly and consistently expands its product range to meet the changing customer preferences and to reach various target groups.

<sup>1</sup> The Regulation of the Council of Ministers of October 19th 2004 on additional labelling requirements for footwear offered for sale to consumers.

**Innovations in sales**

The Research and Development Centre covers four research areas, three of which are directly related to customers:

**Research on development of the CCC Group's product range – development of the Lasocki brand** (particularly the Comfort Line) towards innovative products with a special focus on health-promoting solutions,

**Neuromarketing research – understanding customer needs – model store** (Customer Innovation Centre),

**Analytical research area** (CCC analytics).

As a result of the planned R&D work in the area of product innovation, solutions such as footwear with extended life cycle, innovative footwear designs and materials supporting recovery processes or increasing the comfort and safety of users after an injury are to be developed. New product solutions are aimed at increasing the innovation of the Lasocki brand in material and design, usability and quality.

In 2019, the CCC Group launched an **esize.me** service allowing customers to create a 3D model of their feet based on the foot length, width, height and circumference, and to receive sizing recommendations.



**The scanner**

can compare a foot scan with scans of the inside of the shoes on offer in CCC stores to create a personalised offer of products available at CCC brick-and-mortar locations and in online stores ccc.eu and eobuwie.pl. The system remembers customer preferences and expectations to better tailor the offering to customer needs in the future.

CCC was the first company in the fashion industry in Poland to test the Google Assistant service,

which enables customers to find the location of the nearest CCC store, check current Club promotions and browse products with voice commands.

Although voice commerce is still nascent in Poland, CCC has started testing the service to be prepared for a shift in the e-commerce market towards voice commerce when it arrives.

Talk to CCC using Google Assistant!



**The CCC mobile app supported by artificial intelligence (AI)**

is able to recognise the footwear in a photo taken by a consumer and display similar shoes on offer in CCC stores.

A pilot project to deploy self-service checkouts in CCC brick-and-mortar stores is planned in 2020.

Kiosk-type devices will also be installed across the sales network

to support customers in purchasing decisions. In the future, CCC plans to implement a tool that will allow customers to choose the right size shoes but also to virtually try them on. With the help of 3D models and augmented reality, customers will be able to see a product in different planes and to move it to a different location, to the floor for instance, to get a better idea of their actual appearance. We plan to implement this solution on the CCC mobile app.



## 4.2 RESPECTING CUSTOMER RIGHTS

Customer rights are defined in the Consumer Law. Other documents governing the rights of customers in place at the CCC Group are the following:

Advertising Code of Ethics,

Customer Complaint Procedure for CCC Brick-and-Mortar Stores,

Responsibility and Contacts – Complaints Department and Customer Service Office,

CCC S.A. Product Return Rules,

Customer Service Standards for Brick-and-Mortar Stores,

CCC Shoes&Bags Website Rules,

CCC Club Customer Loyalty Programme Rules.

### After-sales service

[GRI 206-1, 416-2]

The goals of the CCC Group are to build positive customer experience and increase satisfaction with customer service, including the complaint handling process.

The CCC Group is committed to delivering products free from physical and legal defects. If the quality of the purchased product is not as described in the contract, the customer may lodge a complaint. This applies both to products purchased in brick-and-mortar stores and online.

The documents that govern complaint-related matters are the Rules for Lodging Complaints about Products Purchased in CCC Brick-and-Mortar Stores and the Rules for Accepting Complaints about Products Purchased in the Online Store, which are available at [www.ccc.eu/en/](http://www.ccc.eu/en/). Complaints are considered pursuant to applicable legislation, including the Civil Code of April 23rd 1964 and similar regulations in other countries.

Customers should be informed about the complaint handling procedure applied by the Company. Relevant information is posted on our website at <https://ccc.eu/pl/reklamacje> and provided directly by sales personnel.

As part of the after-sales services, customers who have purchased a product in a CCC brick-and-mortar store may lodge a complaint in any store belonging to the network anywhere in Poland. Complaints about products purchased in the CCC online store may be submitted via the website or in any brick-and-mortar store in Poland.

The complaint form contains information about the possibility of using out-of-court complaint and claim settlement methods. CCC S.A. agrees to out-of-court settlement of consumer disputes, which aims to amicably resolve disputes between customers and traders. The procedure, introduced by the Act on Out-of-Court Dispute Resolution, means much less formalised resolution of a case than proceedings before

a common court. Independent experts, for instance mediators, help the parties to reach an agreement.

All problems reported by customers are thoroughly analysed. Conclusions from the analysis of complaints and customer suggestions are taken into account when enhancing products and services. The results of the adopted policy are visible, especially in increasing customer satisfaction with complaint handling, and developing communication skills of employees trained in customer service. In 2019, there were 445,295 complaints submitted in Poland. The total number of complaints in the CCC Group in 2019 was 663,510\*.

No reports of product or service safety violations were received in 2019.

In 2019, CCC S.A. once again was honoured with the title of Amicus Consumentium, which recognises companies that promote the idea of amicable dispute resolution. The title is awarded by the Office of Competition and Consumer Protection together with the Senate Team for Consumer Protection.

### Marketing communication

[GRI 417-3]

In its marketing communication, the CCC Group is guided by several important principles:

- Advertising must not be misleading,
- Advertising must not create the impression that there is no obligation to pay for the product,
- Advertising addressed to children or youth must not contain content that poses a risk to health or safety and must not exploit their natural credulity or lack of experience,
- Advertising must be clear and understandable,
- Advertising must not undermine public trust in properly implemented environmental protection initiatives,
- Information about the CCC Group's event sponsorship stated in marketing communications must be clear and must not violate good morals, and the sponsored events must not create adverse environmental impacts; events sponsored by the CCC must be compliant with generally accepted ethical principles, good morals and social norms; in its communications the CCC Group does not promote attitudes that question animal rights,
- CCC sales promotions do not abuse trust of the recipients and do not exploit their potential lack of knowledge or experience.

In order to ensure compliance with applicable rules, an Advertising Code of Ethics has been developed, which will be formalised in 2020 in accordance with the policies in place at the Group. Its purpose is to ensure that the Group's advertisements are not misleading and that recipients are protected against unethical and unfair advertising content.

\* Country data for Poland, Czech Republic, Slovakia, Austria, Hungary, Slovenia, Croatia, and Bulgaria.

The Code is a set of rules defining what is acceptable in the Group's advertising message content and what is unethical. It promotes responsible advertising practices and addresses challenges posed by the dynamic media market. The Code governs all aspects of the CCC Group's marketing communications, taking into account the specific nature of the various types of media. It contains specific provisions prohibiting, inter alia, discrimination on the grounds of gender, religion or nationality, use of content encouraging violence, and abuse of recipients' trust, lack of experience or knowledge.

As a responsible company, CCC is committed to respecting consumer rights. In order to minimise questionable situations, we make every effort to ensure that communication with customers is simple and complete and that it exhaustively explains a product's characteristics, price and ongoing sales promotions. Both electronic communications and promotion rules clearly state the categories of products covered by the marketing campaign, the terms of sale and discount rules. Depending on the type of sales promotion, customers are informed on whether they must incur extra costs in addition to the product price.

When planning sales promotions and sales campaigns, we want every customer to be able to obtain relevant information on time.

Promotional campaigns are supported by radio and television campaigns.

In addition, announcements about current marketing campaigns are displayed in shopping malls.

Stores are marked with legible stickers, and the products themselves have markings indicating the old and new price.

CCC customers may also familiarise themselves with the detailed terms of sales promotions by visiting [ccc.eu](http://ccc.eu).

The 'Rules' section of the website publishes the terms of sales promotions carried out in brick-and-mortar stores and online stores.

In an ambiguous or doubtful situation, the final decision is always made in favour of the customer.





## 4.3 RISKS RELATED TO CUSTOMER SERVICE

### 1. Risk related to product quality and safety

Insufficient attention paid to product quality may cause a threat to the health of customers wearing the Group's products.

**Description of the risk management approach:** The CCC Group conducts product quality and safety inspections, and commits suppliers to comply with the procedures, schedules and standards contained in the Supplier Code of Conduct and product quality and safety requirements. The CCC Group also ensures that products are made of certified materials which meet health, safety and environmental requirements. For example, the Lasocki Kids and Lasocki Young lines are made of leathers sourced from environmentally friendly tanneries certified in accordance with the Leather Working Group Protocol.

### 2. Risk related to customer complaints

Mistakes in the handling of complaints, resulting from poor knowledge of complaint-related regulations or applicable internal procedures, may affect customer relationships, threaten brand image or cause market supervision authorities to impose sanctions.

**Description of the risk management approach:** The CCC Group seeks to build a positive customer experience and to increase satisfaction with the service during the complaint handling process by implementing procedures and regulations regarding comprehensive customer service and complaint process optimisation (Customer Service Standards for Brick-and-Mortar Stores, Product Return Rules, Customer Complaint Procedure for CCC Brick-and-Mortar Stores, Instruction for Shortened Complaint Process in Brick-and-Mortar Stores, etc.), upgrading tools which support customers and development of the Customer Service Office, and organising e-learning courses for employees addressing customer service issues. Online workshop is also planned to be implemented.

### 3. Risk of insufficient transparency in customer and consumer communication

Mistakes in communication regarding price, sales promotions, product labelling with respect to:

Important product characteristics, such as properties, composition, methods of manufacture, fitness for a purpose, quantity and place of origin,

Product value, actual price and payment terms,

Terms of delivery, replacement, return, repair and care, warranty conditions,

Intellectual and industrial property rights, particularly patents, names, trade marks and industrial designs and models,

Official permits and approvals, awards, medals and certificates of recognition, scope of the Company's charitable giving,

Sales promotion rules, terms and conditions for participation in sales promotions.

**Description of the risk management approach:** The Group takes steps to mitigate the impact of the risks associated with insufficient transparency of information provided to customers and consumers. In order to minimise questionable situations, tools are implemented to ensure that communication with customers is simple and complete and that it exhaustively explains a product's characteristics, price and sales promotions. The Group also works to extend its comprehensive customer service operations, implements marketing communication and advertising regulations (sales promotion rules, Advertising Code of Ethics, etc.), and expands the Customer Service Office.

### 4. Risk of mistakes in handling customer orders

Mistakes in filling customer orders placed via the online store, leading to longer delivery times or wrong product delivery.

**Description of the risk management approach:** In order to minimise the risk of mistakes in handling customer orders the Group:

- Implements reports and processes to monitor the correctness of the order filling process,
- Monitors the work of employees,
- Tests solutions before implementing them in production,
- Optimises processes to minimise the risk of an employee making a mistake.

### 5. Risk of personal data leakage

Mistakes resulting in the disclosure of customers' personal data to third parties.

**Description of the risk management approach:**

- Training employees in personal data processing,
- Monitoring the quality of work performed by employees who work with personal data,
- Optimising processes to minimise the risk of an employee making a mistake,
- Developing operating procedures and a crisis procedure in case of a personal data leak.



# EMPLOYEES

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EMPLOYEE RISKS

## 5.1 HUMAN RESOURCES MANAGEMENT

The CCC Group is an attractive and sought-after employer, who is guided by its core values and creates an innovative and multinational workplace.

Being a good employer is a guarantee of market success that can only be attained with qualified and loyal employees. The CCC Group strongly believes that its success largely depends on the competence and commitment of its personnel, therefore the model of human resources management applied by the Group envisages acquisition of the best candidates and their subsequent development and promotion within the organisation.

The CCC Group has a Human Resources Policy in place, which is underpinned by the following principles:

- appreciate initiative and creativity,
- appreciate openness to change,
- promote employee development,
- be open to diversity,
- respect employee dignity.

The Human Resources Policy is complemented by the following procedures and policies governing specific areas of human resources management:

**Recruitment Procedure,**

**Personal Data Protection Policy,**

**Occupational Health and Safety Policy,**  
Fire Safety Instructions,

**Occupational Health and Safety Training Procedure**  
(and other specific procedures),

**Work Rules,**

**Remuneration Rules,**

**Rules of the Company Social Benefits Fund,**

**Procedure for Professional Qualifications Improvement,**

**Diversity Policy** for the governing bodies and key management personnel,

**Periodic Evaluation System Procedure** for office, administrative and warehouse staff.



Successful implementation of the Human Resources Policy is further supported by:

**The Code of Ethics and the Ethics Committee**  
(details are set out in the CCC Group Code of Ethics).

**Wide access to training in labour law**, including counteracting discrimination, workplace harassment and bullying (more information on bullying is specified in the CCC Group Workplace Discrimination and Bullying Prevention Rules),

**Information materials** and posters concerning employment of people with disabilities in the CCC Group (recruitment announcements, information disseminated via Job Centres),

**The Internal Audit Team.**

The Human Resources Policy can be adopted in its entirety by individual CCC Group companies, which are free to further improve best practices.



**Workforce structure** [GRI 102-8, 401-1, 405-1]

At the end of 2019, the CCC Group had 15,257 employees (full-time equivalents), 88% of whom were women and 12% were men.

The number of employees increased by 3,217 and the ratio of women to men in the CCC Group did not change compared to 2018. 62.4% of all employees had employment contracts of indefinite duration and 37.6% were employed under fixed-term contracts. During the year the percentage of people employed under employment contracts increased by 26.7%. Employees under 30 were the largest age group

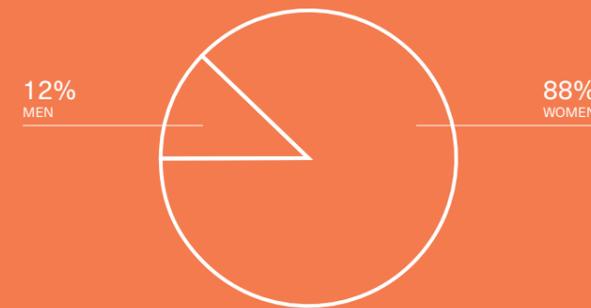
in 2019, representing 42% of the total workforce. 31% of employees were in the 30–40 age group, 19% in the 40–50 age group, and people over 50 accounted for 8% of all employees.

Of all the Group's employees, 64.9% worked in Poland,

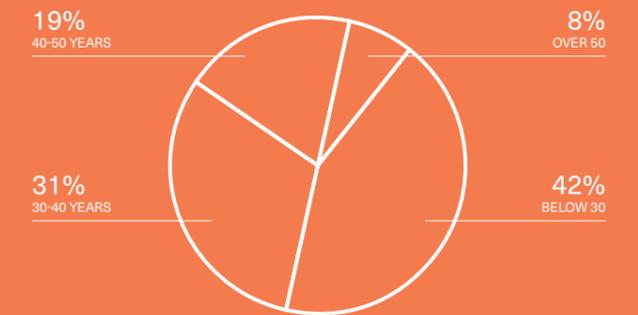
which is home to the Company's head office, factory, Logistics Centre, and retail chain comprising 548 stores. At the end of 2019, 35.1% of all employees worked in subsidiaries operating abroad.

The parent, CCC S.A., which combines administrative, warehouse and sales functions, had **6,756 employees** in 2019, of whom **91% were women and 9% were men**. 46.1% of all employees had employment contracts for an indefinite term and 53.9% were employed under fixed-term contracts.

Percentage of men and women employed at the CCC Group in 2019



Percentage of the individual age groups at the CCC Group in 2019



During the reporting period a **total of 8,921 new staff were hired in the CCC Group, including 4,204 in CCC S.A.** The employee turnover rate (the number of employees who left the company in a given year relative to the number of employees at the end of the year) during the period was 48.5% for all CCC Group employees and 27.0% for employees with indefinite-term contracts. In CCC S.A. the turnover rate for all employees (employed under indefinite-term and fixed-term contracts) was 59%, and for employees employed under indefinite-term contracts the rate was only 1%. For detailed information on employees by type of contract, new hires and departures, see Appendix 1 to this Report.

The CCC Group's workforce is divided into three levels: senior management, managers and supervisors, and other employees. At the end of 2019, women accounted for 47.9% of the 73 senior managers, 74.5% of the 748 managers and supervisors, and 88.5% of the 14,436 other employees.

As at December 31st 2019, **473 people provided services to the CCC Group under civil-law contracts, compared with 339 the year before.**

The number of people who provided work to the CCC Group on an outsourcing basis was 135, compared with 4 the year before. This number increased after 131 people were hired by eobuwie.pl Logistics on an outsourcing basis during 2019.

**The number of employees with disabilities in the CCC Group increased 23% year on year.** As at December 31st 2019, the disabled accounted for 4.2% of the CCC Group's workforce and 6.3% of all CCC S.A. employees. A majority of the disabled employees are based in Poland, accounting for 82.3% of all disabled employees of the CCC Group. The company with the largest percentage of employees with disabilities (8.2%) is CCC Factory Sp. z o.o.

In 2019, the CCC Group companies **paid a total of PLN 1,876.7 thousand in contributions to the State Fund for Rehabilitation of the Disabled and similar institutions in other countries**

(up 104.9% on 2018).

For more information on the CCC Group's headcount, new hires and departures, employees with disabilities, people working under civil-law contracts and on an outsourcing basis, see Appendix 1 to this Report.

**Remuneration system**

[GRI 405-2, 102-35]

CCC S.A.'s remuneration policy is based on the Remuneration Rules in place at the Company, which state that employees must be paid according to their position, scope of responsibilities, and skills and qualifications. In addition, remuneration rules and other employee-related matters, including those connected with working time and cooperation with trade unions, are provided for in the Work Rules.

The average monthly gross pay for all employees of the CCC Group in 2019 was PLN 3,605, having increased 21.4% on 2018.

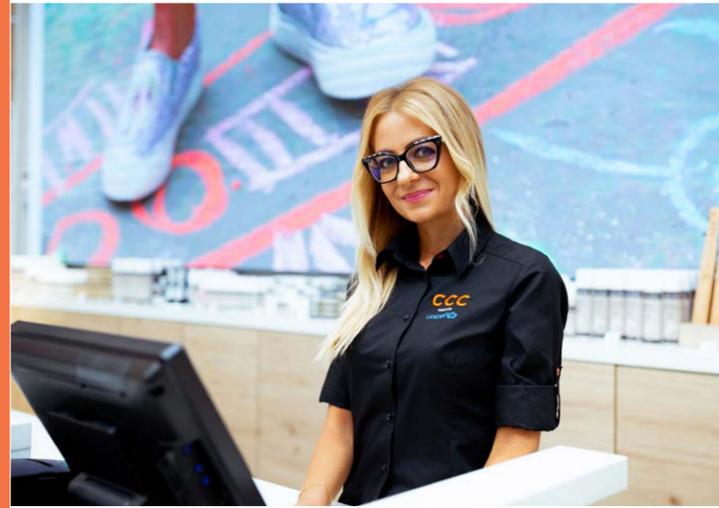
The average remuneration managers and supervisors fell over last year by 12.2%, to PLN 7,259, while the average remuneration of senior management grew 11.3%, to PLN 25,032. The average remuneration of other employees increased the most, by 21.4%, to PLN 3,309. In CCC S.A., the average monthly gross remuneration of the employees hired in 2019 was PLN 1,957, 14.4% more than in 2018.

The average gross pay of other employees increased the most, by 16.0%, to PLN 1,840.

The ratio of the average gross pay of women to men at the CCC Group was 60.3% in 2019, down 0.1pp year on year. For the senior management, managers and supervisors, the ratio decreased 24.0 pp, to 61.3%, and 10.9 pp, to 51.1%, respectively. For other employees, the ratio rose 3.2 pp, to 73.8%.

In CCC S.A. the ratio of the average gross pay of women to men in 2019 was 54.2%,

down 0.9pp on 2018. For the senior management, managers and supervisors the ratio increased 5.8pp and for other employees it fell 3.6 pp.

**Recruitment practices**

The aim of the recruitment process is to hire the best candidates with required skills and qualifications, who will effectively perform the assigned tasks, take initiative and achieve pre-set goals. The recruitment process ensures equal opportunities and objective assessment of candidates with the use of appropriate selection tools. The organisational aspects of the process are provided for in the Recruitment Procedure.

CCC S.A. implements various initiatives extending beyond standard recruitment announcements to reach potential candidates for a job. The Company has established collaborative partnerships with universities across Poland, takes part in job fairs, runs recruitment campaigns on social media, searches for and contacts potential candidates directly, and collaborates with Job Centres, local websites and the press.

In 2019, a new Recruitment Procedure was implemented to streamline the recruitment and hiring processes for office, administrative, warehouse and sales staff. Also, Recruitment Standards were developed to standardise and improve the recruitment process. They cover areas such as preparation for recruitment, characteristics of the ideal candidate, characteristics of the ideal recruiter, CV gathering and selection, GDPR in the recruitment process, telephone interview with the candidate, job interview, making a job offer, and completion of the recruitment process. Materials supporting Store Managers in the recruitment process were also created. A series of e-learning courses on the Recruitment Standards (recruitment and selection tools and techniques) were delivered to Store Managers, Deputy Store Managers and Sales Leaders, with a total of 1,236 people trained.

The Employee Referral Programme was continued to help maintain CCC's reputation as an innovative and friendly employer in 2019. A new career page (<https://kariiera.ccc.eu>) was launched to build the image of CCC as a reliable employer by disseminating opinions of employees in various business areas and providing information on the characteristics of each area. In order to maintain smooth communication with candidates during the recruitment process, CCC uses the Applicant Tracking System (ATS), which allows it to efficiently manage the recruitment process, from the creation of a job ad to the selection of the best candidate.

The CCC Group is committed to employee development, therefore every recruitment process is initiated internally and communicated to the sales, warehouse, office and administrative personnel. CCC also collaborates with Job Centres throughout Poland in arranging internship programmes. A total of 117 internship agreements for the unemployed were signed in 2019.

In addition to partnerships with Job Centres, CCC looks for interns by engaging with institutions that implement internship projects for salespersons, including Voluntary Labour Corps, entrepreneurship support associations, schools, vocational training establishments, etc.

Four interns were hired to work at the CCC headquarters thanks to collaboration with the Job Centre in Polkowice in 2019, and six people worked as interns in the CCC Regional

Office in Warsaw under an in-house internship programme. CCC also provides apprenticeships for students, with 34 students from 11 schools across Poland, including Gdańsk, Kraków, Wrocław, Racibórz, Wodzisław Śląski, Żąbkowice Śląskie, Tychy and Stupsk, trained as Sales Technicians in 2019.

**Employee induction**

[GRI 404-2]

The induction process is based on the assumption that a new hire will remain with the organisation much longer if the introduction process is properly implemented in the initial period of employment. Its aim is to shorten the time before a new employee is fully productive and to integrate him or her seamlessly into the existing working environment. Induction programmes have been developed to minimise potential difficulties faced by new employees.

A vital element of each such programme is stressing the responsibility of the line manager for every new hire. A properly personalised programme that matches the position is key to successful onboarding of new employees.

The onboarding process for office and warehouse staff was improved in 2019. All new hires are invited to attend a presentation meeting where they receive a summary of key information on the company, internal rules and regulations, values, benefits, etc. The onboarding process for office and administrative staff, in addition to the relevant job training, gives new employees the opportunity to participate in in-store training, which allows them to learn the ropes of processes of key importance to CCC's business.

The effectiveness of the induction process is measured by analysing the results of the Stay Interview opinion poll,

carried out after the probationary period. The aim of this survey is to get to know the opinions and impressions of the new employee after the first months of work and to verify whether and to what extent the arrangements made during the recruitment process are being implemented.

The process of integrating new employees within store structures was standardised in 2019. All new hires receive initial training, delivered by the Store Manager and Mentors designated by the Store Manager.

**Employer branding**

Employer branding is an integral part of the CCC Group's activities. The Group embarks on numerous initiatives in the areas of HR and communication whose main goal is to build a compelling employer brand inside and outside the organisation. The following goals have been set in the area of employer branding:

**In communication:**

- Positioning CCC as an attractive employer,
- Building the image of CCC staff as experts,
- Increasing the effectiveness of internal communication,
- Increasing employee involvement in volunteering/grant projects,
- Building the Company's credibility and improving employment security for current and future employees.

**In HR:**

- Attracting the best candidates,
- Retaining the best employees,
- Ensuring positive experience with CCC (in the recruitment process, employee matters, etc.),
- Ensuring fairness at work and transparency of employment.

Both in the recruitment processes and communication activities, the CCC Group emphasises the benefits it offers as well as its values and distinguishing features, such as care for health, wellbeing and safety.

**In 2019, the CCC Group took the following measures to build its image of an attractive and reliable employer:**

- Conducting internal recruitment,
- Creating a new CCC career page,
- Participation in job fairs,
- Changing the look of CCC job advertisements,
- Conducting a satisfaction survey,
- Holding competitions for the staff to build employee commitment, motivation and cooperation,
- Carrying out educational, environmental and sports projects.

The employer branding activities will be continued in 2020 in order to build the Company's reputation within the organisation and for the general public. Among other projects that CCC S.A. plans to launch is the Ambassador Programme, aimed at increasing employee commitment and motivation, building relations with students, and continuing cooperation with universities (University of Economics in Wrocław, Witelon State University of Applied Sciences in Legnica, Jan Wyzkowski University in Polkowice) and with the Business

Education Forum at the University of Economics in Wrocław. CCC also intends to have foreign language versions of its career page launched in the markets where CCC operates and to improve employer branding activities based on the information obtained in the Stay Interview.

**Working environment**

**Employee motivation and benefits**  
[GRI 401-2]

CCC wishes to be an attractive employer whose staff are motivated and committed. Therefore, it has created an attractive package of benefits for its employees. The CCC Group has a number of financial and non-financial incentives in place, some of which are described below. Each individual company decides which specific motivation solutions to apply. The incentives include:

- Development programmes, internal and external training (online and offline),
- Coaching,
- Stability of employment,
- Attractive and ambitious tasks,
- In-house training by internal trainers,
- Open and attractive communication about the Company's activities,
- Participation in innovative international projects,
- Promotion opportunities,
- Preventive health campaigns,
- Discount cards for CCC stores and the eobuwie.pl and MODIVO online platforms,
- Permanent medical care on factory premises,
- Bonus systems,
- Seniority allowances, work attendance rewards, on-call availability allowances,
- Location pay,
- University tuition allowance,
- Length-of-service awards,
- Co-funding of employee meals,
- Prepaid Christmas cards,
- Partial funding of commuting expenses,
- Possibility to join group life insurance,
- Free private medical care.

**Development of employee skills and qualifications**  
[GRI 404-1, 404-2, 403-5]

The overriding goal of the development policy is to upgrade employee skills, foster the knowledge sharing processes, ensure that training answers specific business needs, and develop competences that are in high demand across all areas of operations.

**Support in the development of skills and qualifications is offered in the 60:40 model:**

- 60% – On the job development**  
– participation in projects, job rotation, management by objectives, coaching and mentoring
- 40% – Formal development**  
– internal and external training workshops, language courses, e-learning

**Average number of training hours**

Training hours per employee per year	CCC S.A. 2019			CCC Group 2019		
	W	M	average	W	M	average
Senior management	9.0	15.0	10.2	2.6	12.0	7.4
Managers and supervisors	85.0	98.0	91.6	18.4	32.0	21.7
Other employees	105.0	89.0	103.7	54.6	32.4	52.0
<b>All employees</b>	<b>104.8</b>	<b>89.5</b>	<b>103.5</b>	<b>52.9</b>	<b>31.9</b>	<b>50.3</b>

In 2019, the average number of training hours in the CCC Group was 21.7 per manager or supervisor, 7.4 for senior management and 52 for other employees. In 2019, CCC S.A. also made use of trainings co-financed by the National Training Fund. As part of the project, 93 CCC employees took part in 1,786 hours of training in, among other things, IT issues, legal aspects of complaints, materials, quality and functionality of footwear, operation of machinery and equipment, and lift operation.

In addition, responding to the need to improve soft skills, the Company launched an internal training program 'Let's CCCoperate Effectively', which took the form of workshops. In 2019, 18 meetings were held, during which 155 em-

ployees were trained in the issues of cooperation, communication and feedback.

Selected companies of the Group also provide online training, offering access to knowledge to a wide range of recipients. The e-learning sessions cover product training dedicated to sales networks, GDPR, OHS, information security and use of particular tools.

Because of the CCC Group's strong expansion into foreign markets, language courses are organised for employees to help them effectively cooperate within all markets where the Group is present.

**Number of employees raising their qualifications**

Number of persons	CCC S.A. 2019			CCC Group 2019		
	W	M	average	W	M	average
Senior management	7	7	14	7	7	14
Managers and supervisors	17	11	58	31	33	64
Other employees	187	82	269	264	184	448
<b>All employees</b>	<b>211</b>	<b>100</b>	<b>341</b>	<b>302</b>	<b>224</b>	<b>526</b>

Trainings provided during working hours are complemented by external education of employees wishing to acquire new qualifications. Employees take part in development programmes by attending training courses, conferences, symposia, seminars, workshops and studies financed or co-

financed by the employer. In 2019, 525 employees of the CCC Group raised their professional qualifications externally, of which 14 were senior management members, 54 were managers and supervisors, and 448 were other staff.



**Evaluation system**  
[GRI 404-3]

The main purpose of periodic evaluation is to build employees' awareness of their strengths, weaknesses and competences, in order to increase their effectiveness and improve the quality of their actions undertaken towards achieving goals and implementing personal development plans.

Employees are assessed in a way that links their individual performance and their development potential. The evaluation conclusions are used in further career planning.

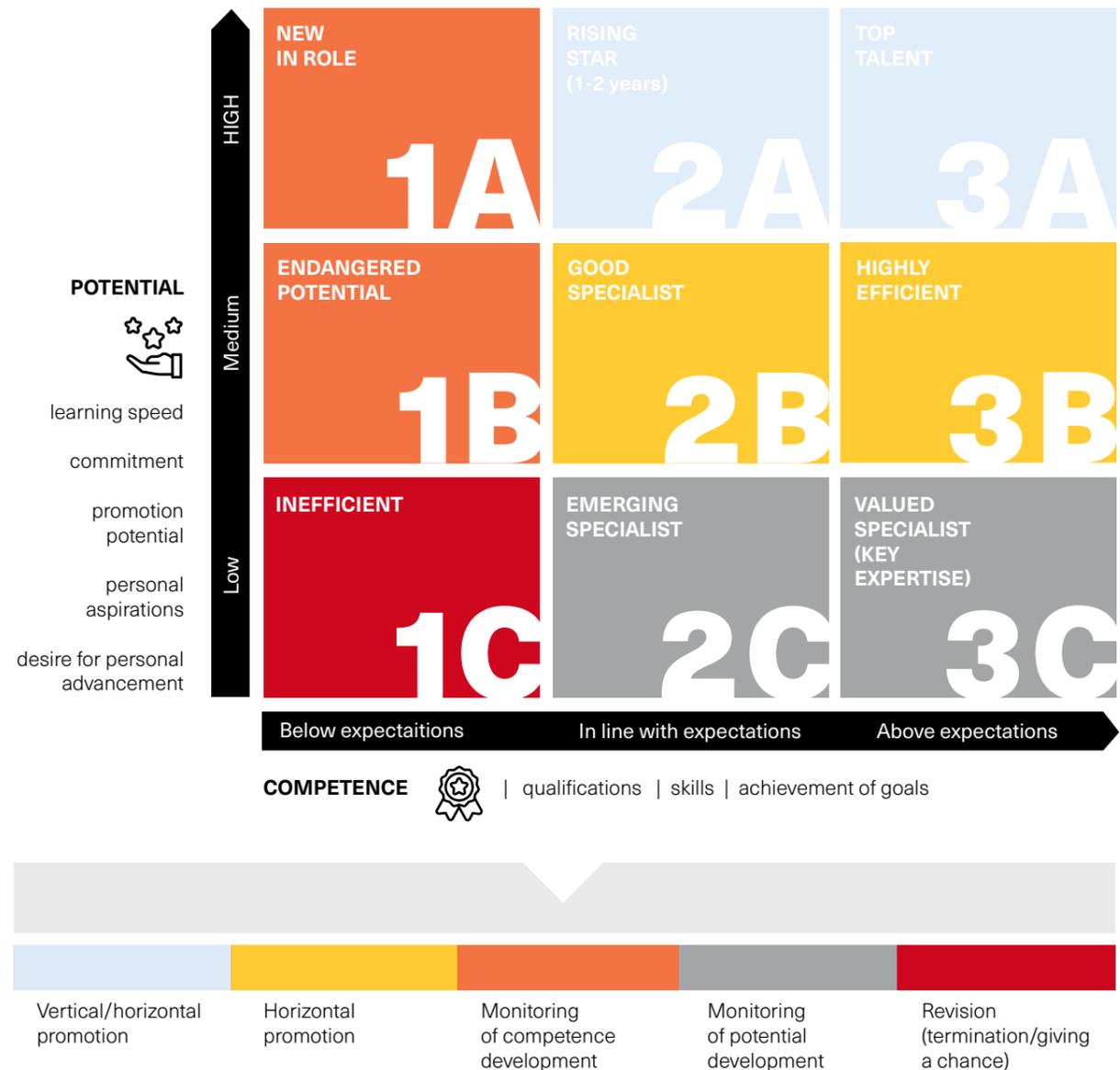
In 2019, CCC evaluated 703 employees. Additionally, the individuals identified as having high potential took part in personal Development Centre sessions, during which such competences as leadership, business awareness, entrepreneurship and goal-orientation were diagnosed. Based on the session results, individual development plans were formulated, to be implemented in 2020.

The Company also runs a Succession Programme. Every manager is responsible for succession planning in their subordinate area, with the objective being to secure key positions through:

- Ensuring continuity of business processes,
- Minimising the potential loss of knowledge and competence in case of departure of an employee holding a managerial or expert position.

Seeking to ensure constant development of the managerial staff and effective use of their potential, the Company planned a series of coaching meetings.

In 2020, a number of activities are planned with the aim of inspiring, developing and building a culture of knowledge-sharing as well as to increase employee engagement.



**Work satisfaction**  
[GRI 402-1]

The Group has a multi-channel communication system, through which employees are informed about the changes going on and the Group's development plans. Furthermore, every two years a work satisfaction survey is carried out to understand employees' needs and to eliminate any reported irregularities.

CCC S.A. and CCC.eu Sp. z o.o. do periodical work satisfaction reviews, which are designed to help identify areas that require concentrated effort to improve employee satisfaction and engagement.

The satisfaction survey conducted in 2019 showed an average level of satisfaction of 51% in the warehouse area and of 46% in sales. The average level of engagement was 61% in administration, 42% in the warehouse area, and 32% in sales. Ensuring that work satisfaction increases as the Company grows and expands onto new markets remains a major challenge.

In response to the survey findings, the Company planned a number of measures to reinforce those aspects which the employees particularly appreciate and are proud of, and to advance in the ones that were identified as needing improvement.

The measures include:

- Implementing new work optimisation tools,
- Developing employees' potential and competences,
- Introducing new communication channels,
- Improving process efficiency,
- Making greater use of employees' innovative and creative ideas,
- Enhancing the quality of medical packages.

**Benefits for employee parents**  
[GRI 401-3]

CCC supports all members of its staff who have become parents and takes care to enable them to use all their employee rights associated with parenting. CCC S.A. promotes work-life balance, taking into account the situation of employees who have children, or are to, become parents. Those new mothers who decide to return to work can, in addition to the nursing break time they are entitled to, work one hour less a day, with their right to remuneration retained. Flexible working hours (where permitted by the job type) are also part of the programme, as is the possibility of making flexible working time arrangements in consultation with a supervisor for a period until the child is two years old.

229 women who had been on maternity leaves returned to work at CCC S.A. in 2019. In the same year, 17 fathers from CCC Group companies went on paternity leaves.

**Defined benefit plan obligations and other retirement plans** [GRI 201-3]

Pursuant to the Employee Capital Plans (PPK) Act of October 4th 2018, the CCC Group put in place Employee Capital Plans, which it is obliged to operate as of July 1st 2019 since each Group company employs more than 250 staff. The CCC employees' PPK assets are managed by the pension fund company Nationale-Nederlanden Powszechna Towarzystwo Emerytalne Spółka Akcyjna, selected under the Management Board's resolution of August 20th 2019 following completion of a multi-stage procedure. The process of the PPK implementation and partner selection was supported by a law firm. Employees were informed about the PPKs through the intranet, via email and at meetings organised to systematise the knowledge of PPKs and to address any uncertainties concerning their implementation. To date, approximately 30% of all CCC Group employees have joined the PPKs.



## 5.2 PROMOTING DIVERSITY

The CCC Group believes that team diversity is a source of competitive advantage and that confrontation of different views, opinions, work styles, skills and experiences produces new quality and creates conditions leading to stronger business performance.

The CCC Group pursues its diversity policy in two ways:

### In the area of primary categories of diversity

(race, nationality, ethnic origin, gender, age, sexual orientation, disability):

**it forms mixed teams** whose members are of different ages, which offers a broader perspective in problem solving, a better working atmosphere, higher team creativity and knowledge transfer opportunities,

**promotes behaviours that respect diversity** and support charitable initiatives,

**coaches the management and their teams** on working with people with disabilities,

**supports work-life balance** by enabling employees to leave work early in urgent family matters and to use a leave at request in an emergency,

**actively counteracts discrimination** and workplace bullying.

### In the area of secondary and organisational dimensions of diversity

(educational background, geographic location, family status, length of service, position, sector, etc.):

**builds corporate culture** based on the CCC Group's core values,

**ensures equal opportunities** of promotion and training,

**ensures equal access to the benefits system** (including the bonus system) for staff employed in the same group of positions.

On May 23rd 2019, CCC S.A. signed the Diversity Charter.

The Diversity Charter commitments for its signatories include elimination of discriminatory practices within their respective organisations, promotion of diversity and equal treatment, and in particular readiness to involve their employees, trading and social partners in those efforts (for more information on the Charter go to <http://odpowiedzialnybiznes.pl/diversity-charter/>).

The CCC Group companies place a strong focus on taking care of their employees and on constant efforts to improve their working conditions. The dialogue between the employees and the Company is supported by the employees' freedom of association, provided for in the Work Rules. There are trade unions active at CCC S.A., currently with membership of two employees. [GRI 407-1]

In 2019, the CCC Group identified no cases of a breach, or a serious risk of a breach of the right to freedom of associate within the organisation, nor were there any major conflicts between the employer and employees. All matters requiring joint involvement of both parties were discussed and resolved during day-to-day meetings.

The CCC Group is open to employing people with disabilities and makes every effort to support its disabled employees and facilitate their strong integration within the Group. For information on the share of disabled persons in the total number of employees and on the ratio of basic pay of women to men, see Section 5.1. For information on the percentage of persons in the CCC governing bodies by gender, age group and other diversity criteria, see Section 1.4.

To promote diversity, CCC S.A. engages in local initiatives such as:

- Cooperation with Job Centres (e.g. publishing job advertisements with the 'ON' (disabled person) designation and information that the job offer is addressed to such persons),
- Cooperation with local foundations, e.g.:
  - The FAZON Foundation for Professional Inclusion of the Disabled,
  - The HEROS Foundation of Lublin,
  - The Fuga Mundi Foundation of Lublin's employment agency for the disabled,
  - The Aktywizacja Foundation, Opole Branch, which helps to scout disabled trainees and employees,
  - The AKME Foundation of Bogucin.



### 5.3 OCCUPATIONAL HEALTH AND SAFETY

**Occupational health and safety issues are among the CCC Group's priorities.**  
[GRI 403-1, 403-2, 403-8]

Given the variety of operations carried out by individual companies (e.g. production, logistics, sales), giving rise to different occupational health and safety challenges, the CCC Group does not have a uniform OHS policy in place. Each Group company operates its own OHS policy and adapts it to the applicable rules and regulations, which differ from country to country.

The companies use OHS management system components, including:

- Planning and implementing OHS targets to reduce risks and increase employee safety,
- Conducting regular OHS inspections at the Company's head office and branches,
- Identifying risks and updating the occupational risk assessment,
- Mitigating risks,
- Organising regular OHS training sessions, drills, talks and meetings with heads of departments.

The parent, CCC S.A., and CCC.eu Sp. z o.o. have implemented the OHS Policy adopted by way of the President of the Management Board's decision in 2015. The Policy applies to all employees and covers all necessary measures geared towards creating and improving safe and healthy working environment for the employees. The main objective of the OHS Policy is to reduce the number of accidents at work and to implement and maintain an efficient occupational health and safety management system at the Group companies. The other objectives are:

- Counteracting occupational diseases, accidents at work and near miss incidents, fires or explosions through preventive measures and by investing in technical occupational safety,
- Continuous reduction of the total number of accidents at work, with a particular focus on severe and group accidents, and minimising costs of accidents at work,
- Regular identification of threats and hazards, their assessment and taking action to mitigate occupational risks,
- Striving for continuous improvement of the OHS and fire protection systems as well as protection of employees' health,
- Compliance with the applicable legal and other requirements for safe operation of companies,
- Continuous performance improvement, enhancing employees' skills, taking into account employees' role and involving them in OHS, health protection and fire protection activities, ensuring adequate means and resources to implement and maintain the OHS policy.

All workstations at the CCC Group meet OHS and fire protection standards. The number of accidents at work involving the Group employees is negligible.

#### OHS committees [GRI 403-2]

CCC S.A., CCC.eu Sp. z o.o., CCC Factory Sp. z o.o. and Gino Rossi S.A. have OHS committees, which are responsible for considering issues related to technical occupational safety. Their tasks also include developing preventive measures and solutions to improve working conditions. The OHS committees active at CCC S.A., CCC.eu Sp. z o.o. and CCC FactorySp.zo.oareeach composed of six members, including a physician designated by the respective company's medical services provider.



**In 2019, by way of the President of the Management Board's decision, an OHS committee was established at CCC S.A. and CCC.eu Sp. z o.o. It consists of three representatives of the employer and three representatives of the employees.**

#### The OHS committees' responsibilities include:

- reviewing working conditions,
- making periodic assessments of the occupational safety and health status,
- giving opinions on measures undertaken by the employer to prevent accidents at work and occupational diseases,
- putting forward proposals to improve working conditions,
- cooperating with the employer in fulfilling its OHS obligations.

The committee meetings are held at least once a quarter and are recorded in the form of minutes. The committees can use expert reports or opinions of external specialists in cases agreed on with the employer.





#### OHS instructions and rules [GRI 403-4, 403-8]

CCC Group companies have a number of procedures in place governing health and safety processes to effectively reduce the number of accidents at work, minimise fire hazards and improve working conditions.

Employees are familiarised with the OHS instructions and the findings of occupational risk assessments, fire safety instructions, occupational health and safety training procedures and work rules. OHS instructions and rules have been prepared for individual areas, i.e. for the store, warehouse and office buildings staff. The key OHS instructions and rules in place at CCC S.A. and CCC.eu Sp. z o.o. include:

- OHS Instructions – manual transport activities,
- OHS Instructions – motor-driven forklifts,
- OHS Instructions – handling of self-pressing containers,
- OHS Instructions – retractable snap-off blade knife,
- OHS Instructions – use of ladders,
- OHS Instructions – use of chemical substances and preparations,
- Instruction for reporting and recording accidents at work,
- OHS inspections procedure,
- Procedure for the use of first aid stations.

The key OHS instructions for the production companies (CCC Factory Sp. z o.o. and Gino Rossi S.A.) include:

- Fire Safety Instructions and the Explosion Protection Document,
- Workwear, Protective Clothing and Personal Protective Equipment Standards,
- Occupational Health and Safety and Occupational Risk Assessment Instructions,
- Regulation on the Frequency and Types of OHS Training,
- Programme of Organisational and Technical Measures to Reduce Exposure to Noise or Mechanical Vibrations,
- Operating and Production Manuals for Machinery and Equipment compliant with Operating and Maintenance Instructions – position-specific instructions,
- Instructions for Storage of Semi-Finished Products and Materials, Including Chemical Agents on the CCC Factory's Premises, along with the Chemical Agents Manual for employees.

All instructions and rules are available to the employees from a shared network drive and intranet platforms.

CCC S.A. improves OHS and fire safety processes on an ongoing basis. The instructions developed (or updated) and implemented in 2019 included:

- OHS Instructions for Operating a Semi-Automatic Polypropylene Tape Heat Sealer for warehouse staff,
- OHS Instructions for Operating Sweeper-Dryers for the store staff,
- OHS Instructions for Operating TF2/TWIN X Tray Formers for warehouse staff,
- OHS Instructions for all warehouse staff,
- OHS Instructions for Operating a Binder Machine for administrative and office staff.

The purpose behind all the instructions is to improve health and safety at work, increase safety at the Company, and familiarise the employees with any newly identified hazards arising from the operation of new machinery or new types of work.

#### Hazard identification, risk assessment, and incident investigation [GRI 403-2]

The working environment at the Company's head office, production plants, logistics centre and stores is subject to regular OHS and fire protection audits. Occupational risk assessment is carried out and updated at least once every two years, and the employees are advised about hazards and response procedures for emergencies, fire and other situations during OHS training sessions. All employees can report any identified hazards or their observations to the OHS and Fire Protection Department by telephone, by email or by entering their comments in OHS logbooks.

The Group companies are subject to the instructions for reporting and recording accidents at work, commuting accidents and near miss incidents, introduced by a Regulation of the President of the CCC S.A. Management Board and applicable to all employees. The instructions describe in detail the procedures to be followed in case of incidents.

#### Occupational medicine [GRI 403-3]

All employees are referred to a pre-employment medical examination. In addition, employees undergo regular periodic examinations or check-ups to which they are referred, taking into account the nature of their jobs. The Group companies have signed occupational medicine contracts with selected specialist clinics.

#### Worker participation, consultation, and communication on occupational health and safety [GRI 403-4]

The Company's employees may report their observations, consult with the OHS staff and communicate with the OHS and Fire Protection Department using the following means:

- A shared network drive and intranet platform, where all OHS documents are stored,
- An electronic reporting service,
- Direct contact with a relevant OHS liaison who is assigned to retail stores.

**Worker training on occupational health and safety**  
[GRI 403-5]

**The CCC Group is strongly committed to improving the knowledge and competence of its employees in the field of occupational health and safety,**

therefore it provides OHS training and instructions in the induction process and delivers regular training sessions for all employees. The scope and frequency of training depend on the nature of the job. Every employee can access an internal platform where OHS training is available. In addition, OHS talks are carried out at the department level to discuss a variety of occupational safety considerations or recently recorded incidents.

CCC S.A. and CCC.eu Sp. z o.o. provide OHS induction training for all new hires and refresher OHS training for employees whose induction or refresher training will soon expire. The curriculum and scope of the induction and refresher OHS training are in accordance with the Regulation of the Minister of Economy and Labour of July 27th 2014, and they cover the following topics:

- Educating employees about work environment factors may cause a threat to the safety and health of employees at work, and about appropriate preventive measures and activities,
- Communicating the occupational health and safety provisions and rules that are necessary to work at the given work establishment and in a specific job, as well as the work-related duties and responsibilities in the area of occupational health and safety,
- Learning how to work in a way that is safe for the employee and others, how to deal with emergencies, and how to help a person involved in an accident.

Additionally, CCC S.A. and CCC.eu Sp. z o.o. are subject to the Regulation of the President of the Management Board of 2015 on OHS training for employees.

In 2019, the OHS and Fire Protection Department conducted a drill in the head office of CCC S.A., which covered proper response to fire alarms and understanding of site rules and procedures for security personnel, with 39 participating employees. Additionally, 45 employees of the CCC S.A. head office who had previously completed fire protection training were appointed as persons in charge of fire control and evacuation activities. In May 2019, the OHS and Fire Protection Department conducted (with the participation of representatives of the State Fire Service) an evacuation drill in the office and warehouse buildings at the CCC S.A. headquarters, with 144 participants. Furthermore, first aid training was provided in 2019 to employees of the CCC S.A. head office and CCC.eu Sp. z o.o., attended by 70 participants, and to store managers, attended by 94 participants.



**Promotion of worker health**  
[GRI 403-6]

During OHS training sessions, the CCC Group highlights the importance of leading a healthy lifestyle. The Group does not have a uniform programme for the promotion of sports and healthy lifestyles in place. However, the companies offer various benefits and encourage employees to lead healthy lifestyles for instance by:

- introducing regular **breaks from work**,
- offering **healthy lunches**, sandwiches, juices or smoothies in canteens,
- providing **fruit** to employees two or three times a week,
- offering **prophylactic meals** to warehouse workers,
- providing **unrestricted access to drinking water**,
- co-financing **of fitness club packages**,
- encouraging employees to participate **in sports competitions**,
- offering private medical care** which enables employees to undergo preventive health checks, including medical examinations and consultations.



**Prevention and mitigation of occupational health and safety impacts directly linked by business relationships**  
[GRI 403-7]

In order to prevent and mitigate occupational health and safety impacts directly linked by business relationships (retail sale of footwear), accident prevention activities are carried out in cooperation with the Regional Labour Inspectorate. Accident prevention issues are also addressed by the OHS Policy which has been introduced by a Regulation of the President of the Management Board.

Workstations where maximum admissible concentrations (MAC) or maximum admissible intensities (MAI) are exceeded have been equipped with protective equipment, or organisational arrangements have been put in place to reduce the emissions of harmful or noxious agents and to protect workers from exposures.

- The following measures apply at workstations with exceeded harmful exposure thresholds:
- **noise** – the workers required to use hearing protection,
  - **vibration** – weekly employee rotation has been introduced,
  - **exposure to chemicals and dust** – dust masks and gas-absorbing carbon filter masks are recommended.

In addition, blue-collar workers are equipped with work clothing, work gloves and protective gloves, as well as occupational footwear (O designation) and safety-toe protective footwear (S designation).

**Basic OHS disclosures**  
[GRI 403-7, 403-9, 403-10]

	CCC S.A.		CCC Group			
	2018	2019	change y/y	2018	2019	change y/y
<b>Employee accidents</b>						
Number of accidents	8.00	4.00	-50.00%	32.00	73.00	—
– including fatalities		0	0%	—	0	0%
<b>Accidents of subcontractor employees working on site</b>						
Number of accidents						
– including fatalities	0	0	—	0	1.00	—
Accident rate	0	0	—	0	0	—
(accidents at work per 1,000 employees)	1.22	0.59	-51.40%	2.66	4.79	—
Days of incapacity for work due to accidents	260.00	235.00	-9.60%	1,352.00	1,213.00	—
Accident severity rate						
(days lost per accident)	58.70	32.50	-44.60%	42.24	16.61	—
Number recorded in the year	0	0	—	1.00	0	—
Number of workers with exceeded maximum admissible concentrations (MAC) or maximum admissible intensities (MAI) in the year	0	0	—	6.00	6.00	0%

\* Data for the CCC Group is not comparable year on year because the figures for 2018 do not reflect data from companies which joined the Group during the year.

In 2019, 73 accidents were recorded in the CCC Group, of which 4 accidents took place at CCC S.A. Accidents occurring in the CCC Group were all minor accidents and mainly involved bruising caused by falling, hand injuries and cuts. In 2019, no fatal accidents or occupational diseases were recorded in the CCC Group.

Exceeded Thresholds Limit Value were found at six workstations: three at the seam hammering station and three at the seam rubbing station. In line with occupational physician recommendations, weekly rotation of seam hammering and seam rubbing personnel was introduced to prevent occupational diseases caused by mechanical vibrations.

No exceeded thresholds were found at CCC S.A., either in 2019 or in 2018.

## 5.4 EMPLOYEE RISKS

### 1. Risk of wage pressure

As a result of market developments, strong competition and diversity of job offers, a risk exists that a wage pressure will arise and continue, which can lead to employee attrition or deterioration of the Group's financial performance if not properly addressed.

**Description of the risk management approach: Creating an attractive and employee-friendly workplace, regular job satisfaction surveys, financial incentives and wage supplements, attractive benefits, clear and open employee development opportunities in the form of internal recruitment, pay benchmarking.**

### 2. Risk of skilled labour shortage

As a result of fast-paced labour market developments, there is a risk that the CCC Group's job offering addressed to skilled employees will not be competitive on the market or there will be a shortage of adequately skilled workforce.

**Description of the risk management approach: The CCC Group looks for new talents on the market and takes care to grow a pipeline of future employees by:**

cooperating with universities and vocational schools throughout Poland,

internships and work placement programmes,

developing internal competence through job rotation and internal promotions,

building employee commitment.

### 3. Risk of increasing turnover in key positions

Fast-paced labour market developments may give rise to a risk of a high turnover rate in key positions within the Company. Whether the Company will maintain and reinforce its market position depends on its innovativeness, effectiveness, as well as the performance and cooperation of key personnel.

**Description of the risk management approach: Strengthening the corporate culture, increasing job satisfaction, offering continuous development opportunities to employees, training, benefits, regular employee satisfaction surveys, a succession and management continuity programme.**

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SOCIAL RISKS

# SOCIETY

Local communities are among the key stakeholders of the CCC Group. This applies in particular to the communities surrounding the Group's production plants in the Polkowice and Słupsk counties, which are home to a vast majority of workers and their families.

#### [GRI 413-2]

The CCC Group seeks to eliminate any nuisance (e.g. noise, emissions, heavy traffic) to local residents generated by its manufacturing and operating activities. In 2019, no complaints were made by the local communities about the impact of CCC Factory Sp. z o.o. (Polkowice) or Gino Rossi S.A. (Słupsk) on their surroundings.

Following the stakeholder dialogue exercise carried out in 2019, business community involvement, for instance in relations with local communities, cooperation with NGOs and educational institutions (schools and universities) and sport promotion activities, is considered highly material. In keeping with the expectations, the CCC Group takes a variety of measures to give back to its immediate social environment and to support local development.

The CCC Group has a uniform social policy in place. At CCC S.A., the policy is supplemented by the following documents:

- Rules of the Employee Volunteering Programme,
- Rules of the Grant Programme,
- Gifts and Donations Policy.

## 6.1 PARTNERSHIPS AND COMMUNITY SUPPORT

[GRI 413-1, 415-1]

In line with the geographical range of its operations, the Group is engaged in three types of projects:

- Projects for the benefit of local communities in the Polkowice and Słupsk areas,
- Countrywide charity initiatives,
- Support for those most in need, in the form of gifts in kind and financial assistance, as well as employee and skills-based volunteering

In 2019, CCC S.A. allocated more than PLN 63,000 to social donations.

Furthermore, the Company signed an agreement with the Camillian Social Aid Mission, under which 200 pairs of shoes were donated to people in need in early 2020. CCC.eu is also actively involved in supporting cultural, social and sports promotion events. In 2019, it donated 8,300 promotional items for those purposes, including original CCC Team cycling gadgets. The support was provided to a number of beneficiaries, including the COPERNICUS Students' Sports Club.

The CCC Group did not provide financial support to any political organisations in 2019.

### Countrywide charity initiatives

- **The Great Orchestra of Christmas Charity (Wielka Orkiestra Świątecznej Pomocy)** – CCC employees engage in the campaign by volunteering and donating items for auctions at the Orchestra's Polkowice collection centre, as well as on the Orchestra's auction portal,
- **The Noble Gift (Szlachetna Paczka)** – employees take part in preparing packages for families in need during the Christmas holiday season.

### Cooperation with local partners [GRI 413-1]

- **The Association for Children and Young People CHANCE (Stowarzyszenie dla Dzieci i Młodzieży SZANSA) of Głogów** – an NGO with the status of a public benefit organisation, engaging in efforts for the local community in Głogów and in the region. It supports children, young people and their families. CCC has established regular cooperation with the Association and works to professionalise the NGO's communication, social media, fund raising, stakeholder relations and management communication activities.

- **The Living With Dignity Association (Stowarzyszenie Żyć Godnie) of Polkowice**

– a public benefit organisation which aims to encourage activity and foster social integration of people with disabilities, as well as to prepare them for community life and employment. Initially, CCC cooperated with the Association by providing financial assistance, and subsequently it offered support in the form of skills-based volunteering. At present, the partnership involves mostly such areas as communication and preparation of visual and multimedia content for the Association by CCC employees.

- **Cooperation with other NGOs**

– CCC delivered two series of training sessions for a number of non-governmental organisations from the Lower Silesia region, covering management communication and GDPR. They were part of efforts to give effect to the declarations of the *Hand-in-Hand* conference, and were held as part of a broader series of meetings in which other companies were also involved.



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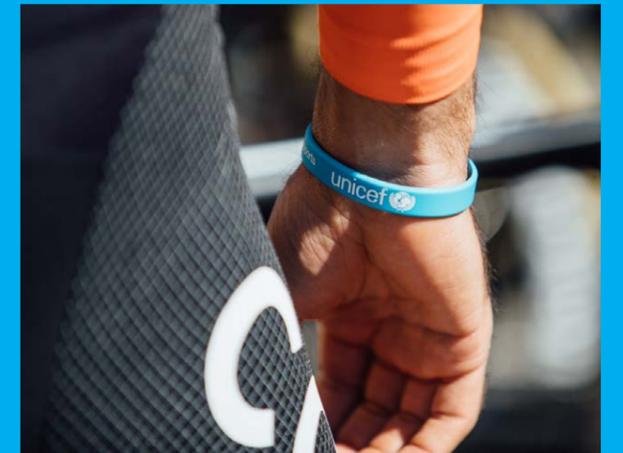
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Global partnership with UNICEF

The CCC Group was the first Polish company to become a global partner of UNICEF.

The money we donate is used to save the lives of children around the world and to support education in developing countries. What makes the CCC engagement with UNICEF unique is that it combines the sport and business dimensions.

As part of the partnership, our cyclists wear T-shirts with the UNICEF logo, promoting the UNICEF's mission to help children, and CCC donates 1 US dollar to UNICEF for each kilometre ridden by its cycling team in training and competition.



CCC supports UNICEF in order to help children to fully use their potential and to allow them to follow their dreams and passions.

The money from CCC goes to UNICEF's Regular Resources, which are funds committed to aiding the children of the world who are in the greatest need. They enable UNICEF to respond promptly and successfully to humanitarian emergencies or violations of children's rights around the world. Those resources additionally serve to ensure that every child has the opportunity to survive and develop, to live in a safe and clean environment and to realise his or her potential.

Other purposes of the partnership include raising awareness of UNICEF's mission through various store and cycling team initiatives.

### Employee volunteering [GRI 413-1]

One of the important components of our CSR strategy is building the employee volunteering programme, through which the CCC Group supports involvement of its employees in local initiatives.

The programme is being implemented at the CCC Group mainly to support local communities, create a positive image of the Company, integrate the employees around common values and improve soft skills.

In 2018, a grant programme was launched for our office, administration and store employees in Poland. Projects competing for funding can be submitted in the following areas:

- Helping people in need, especially children and young people,
- Support for people with disabilities,
- Environmental protection activities,
- Promotion of healthy lifestyles and physical activity.

The grant programme includes:

1. Selecting an institution or organisation,
2. Establishing a team of no fewer than three CCC employees,
3. Submitting an application, which is available on the intranet,
4. Receiving a grant award decision,
5. Project execution,
6. Project report.

Details are provided on the staff intranet and via email communications.

Three grants were awarded in 2019. A total of 13 volunteers from the CCC Group and additional external volunteers were involved in the grant projects. They worked for a total of 48 hours for 300 beneficiaries.

The following projects were completed under the 2019 grant programme:

1. **A School Keen on Reading (Zaczytana szkoła)**  
– a series of events, meetings and the preparation of promotional and digital content to support the passions of children and young people and to promote reading; opening a school bookcrossing station, reinforcing the role and potential of a school library, and promoting municipal, national and worldwide reading campaigns in the local community.
2. **2nd Bat Trail Run (II Bieg Śladami Gacka) in Parchowo**  
– the Bat Trail Run, with approximately 200 participants, is a sports and recreation event combined with environmental education. The goal of the project was to promote healthy lifestyles and physical activity.
3. **Preschoolers on the Move (Przedkolaki idą w ruch)**  
– a campaign that involved the renovation of a room in Municipal Kindergarten No. 58 in Łódź and its conversion into a gym/corrective exercise room for the preschoolers in order to enable them to engage in physical activities.

#### Skills-based volunteering

Responding to the needs of its partners and key stakeholders, CCC took steps to develop a comprehensive skills-based volunteering programme. The main objective of the activities carried out under this programme is to transfer skills from the business sector to the sector of non-governmental organisations whose activities contribute to the quality of life of the local community. As a business leader, CCC is capable of creating space for the exchange of competence between the entities involved in the programme.



#### Other social outreach projects

CCC Group employees not only volunteered their services, but also engaged in broadly understood community initiatives, such as:

- **Spokes. The Polkowice City Bike (Szprychy. Polkowicki Rower Miejski)**  
– use of city bikes,
- **Shoebox**  
– supplying women in need with cosmetic products,
- **Miss Street Soccer (Panna Street Soccer)**  
– a local initiative promoting sports and education of children and young people,
- **Disabled Brothers on the Roof of Africa (Niepełnosprawni Bracia na Dachy Afryki)**  
– organisation of an expedition for three people with intellectual disabilities to a four-thousander in North Africa,
- **Creativity Is in My Sole**  
– supporting high school students from Wrocław at the World Invention Creativity Olympic,
- **Collection of bottle caps for a sick child of a company employee.**

## 6.2 DEVELOPMENT: EDUCATION AND SPORTS

The CCC Group works with several partners to support the society in the fields of education and sports.

### Education activities

**For many years, the CCC Group has actively cooperated with universities and regularly participated in academic life through lectures, cooperation with student organisations and participation in selected academic projects.** The CCC Group also joins in and supports other educational programmes and trade events, such as:

### *The Responsible Business League*

(Liga Odpowiedzialnego Biznesu, LOB) – the oldest CSR-related educational programme in Poland, run by the Responsible Business Forum, building a pipeline of future managers and entrepreneurs, community workers, change leaders and responsible individuals. **A two-day session entitled 'Corporate Culture and CSR' included training on management communication, the supply chain and corporate codes of ethics. LOB is a group of people who cooperate with dozens of student organisations in implementing educational and community projects at the local and national levels. Owing to their commitment demonstrated in every edition, the programme reaches out to thousands of people interested in improving their understanding of best practices in business.**

### *The Business Education Forum*

(Forum Edukacji Biznesowej, FEB) – which has CCC as a strategic partner. **The programme is addressed to students and graduates, who can learn how to solve problems in the field of business management and develop entrepreneurial attitudes.** In 2019, it included a meeting with the central theme of 'Business in Digital Reality – Keeping Your Feet on the Digital Ground'. Additionally, a day with CCC and FEB, themed 'We Go for More Together', was held at the University of Economics, giving students the opportunity to take part in certified trainings led by CCC coaches.

### *The Capital Market Leaders Academy*

(Akademia Liderów Rynku Kapitałowego) – an educational project involving a training and internships programme hosted by **top capital market companies.** In 2019, CCC became a partner of this project for the first time.

**Labour activation initiatives**

## Activations and relationships with fashion market influencers

are one of key elements of our digital marketing activities.

They involve well-known influencers with a lot of followers, and micro influencers who specialise in a given niche field and have a much smaller but very engaged followers base.

In the second half of 2019,

## the Creative City Concept showroom

was opened in Warsaw, which serves as a space for dialogue between CCC and the fashion market. The showroom caters mainly to stylists, editors, journalists, artists, influencers and celebrities in their daily professional activities. It is also a venue for meetings with the Company's stakeholders.

An important part of CCC activities from the perspective of community relations is our projects in the field of vocational education (described in the recruitment subsection of Section 5.1 in this Report).

As regards support for fashion professions, CCC mainly engages in cooperation with micro influencers in the following projects:

50 project participants

### *YOUNG STAIRS PHOTO SHOOT*

– a closed event on the roof of a building in Warsaw, aimed at promoting a new sports shoe collection. It included a photo shoot (and subsequent publication of selected photos on the CCC's Instagram profile) and live coverage (*CCC Instastories*). During the event, each influencer wore sports shoes from the latest CCC Youngsters collection.

150 project participants

### *CCC Activation*

– parcels were sent to selected influencers containing the UNICEF band and short information on how and why CCC supports UNICEF and how the influencer can also get involved and help.

31 project participants

### *FitLovers x CCC*

– organisation of a competition entitled Set Your City in Motion' (Nakręć akcję na mieście) together with fit.lovess to promote CCC's latest collection of *Youngsters* sports shoes. Other influencers contributed to the campaign as well, and the goal of the project was to nominate further people to join the activation (make a video showing how people set their city in motion, for example by dancing). The prizes were CCC gift vouchers and electric scooters.

10 project participants

### *CCC x INSTAX*

– organisation of a competition for less-known photography influencers; the prize was the opportunity to shoot a photo session for CCC for use on the brand's Instagram profile.

5 project participants

### *Sneaker Art*

– five street artists created shoe customisation designs for selected sports brands offered by CCC (Sprandi, Puma, Reebok, Adidas). In the next stage, Sneaker Boyz from Warsaw transferred the designs onto the actual models. The campaign was supported by a competition, interviews with street artists and a wrap-up video. Five pairs of custom sneakers were handed out in the competition, another five 'duplicates' went to the Creative City Concept showroom.

14 project participants

### *CCC Women*

– a competition for the best mother-and-child matching outfit. The prepared concepts were designed to encourage participation in CCC's Instagram competition held to celebrate Mother's Day, and to communicate its ideas and rules.

14 participants

### *International Women's Day*



**Sports initiatives**

Involvement in sports is an element of building the Group's value for stakeholders. The Group seeks to strengthen its activities in the area of promoting and advancing sports, pursuing a sponsorship policy that is consistent with its strategic and marketing objectives.

CCC joins in projects that help achieve specific goals at the local, national and international levels. What is important in selecting sponsorship activities to engage in is the nature of the project (which must be in agreement with CCC's areas of interest) and the experience and good reputation of the organiser. The Group also promotes sports among children, youth and its own employees.

**Promoting sports among children and youth**

**Sponsorship of the Polkowice Municipal Sports Club**  
CCC supports the Polkowice Municipal Sports Club, Poland's largest sports club delivering road and mountain bike training to children and youth.

**Partnership with the Michał Kwiatkowski Copernicus Academy**  
CCC has partnered with the Michał Kwiatkowski Copernicus Academy in order to support and promote talented young riders. A partnership agreement was signed in 2018 for a period of three years.

**Sponsorship**

**Basketball**  
CCC continues to sponsor a women's basketball team, which competes in international tournaments. In 2019, the team CCC Polkowice defended the title of Polish champions, winning the national league competition for the third time in history ([kosz.mkspolkowice.pl/](http://kosz.mkspolkowice.pl/)).

**Triathlon**  
CCC supports the triathlete Krzysztof Augustyniak, who represents Poland at the European Triathlon Championships.

**Sports in the CCC Group**

**Capital Mundial**  
– CCC took part in the Polish Financial Market Football Tournament called *Capital Mundial*, which was held on June 15th 2019 at the Football Arena in Warsaw. Each team comprised representatives of the Polish financial market community (market institutions, issuers, brokerage houses, licensed advisors, business media, and IR agencies).

**6th Papal Run in Lubin**  
– the first place was claimed by a CCC employee Piotr Ławicki. The running event took place on May 11th 2019 in Lubin.

**Azores Triathlon**  
– Marcin Ławicki, a CCC employee, came third in the overall classification of the *Azores Triathlon*. The event was held on May 12th 2019.

In 2018, CCC revised its sports sponsorship strategy and focused more on cycling sponsorship activities, becoming the title sponsor of three teams:

**CCC Team** – a cycling group with UCI World Tour licence Poland ([www.facebook.com/CCCProTeam](http://www.facebook.com/CCCProTeam)),

**CCC Development Team** – a professional cycling team providing resources to the CCC Team ([cccspport.eu/en/](http://cccspport.eu/en/)),

**CCC-Liv Team** – the first female cycling team sponsored by CCC and one licensed to compete in the UCI Women's WorldTour ([www.liv-cycling.com/global](http://www.liv-cycling.com/global)).



## 6.3 OTHER SOCIAL ISSUES

### Awards and accolades in 2019

The CCC Group was recognised for its high business standards and initiatives with the following awards and accolades in 2019:

#### 30th Anniversary Omnichannel Innovator 2019

A competition held to celebrate the 30th anniversary of Poland's political transformation, dedicated for companies operating in Poland that have significantly contributed to the economic growth of their respective markets over the past 30 years. CCC S.A. received an award in the *30th Anniversary Omnichannel Innovator* category.

#### White Eagle 2019

The *White Eagle* statuette is presented to people who promote Polish products at home and abroad and who support local social, cultural and sports initiatives. The award was granted to the Chairman of the Supervisory Board of CCC S.A.

#### Medal of the 100th Anniversary of Poland Regaining Independence 2019

The award was established by the Polish Prime Minister to commemorate the 100th anniversary of Poland regaining independence and the rebirth of the Polish State. It honours outstanding Polish entrepreneurs, officials and social activists who have made their contribution to building Poland's economy over the last 27 years. The medal was presented to the Chairman of the Supervisory Board of CCC S.A.

#### 5th place in the Ranking of Socially Responsible Companies 2019

The ranking distinguishes companies operating in Poland for the high quality of their corporate social responsibility management systems. CCC S.A. took the fifth place in the Ranking of Socially Responsible Companies.

#### Honorary Title of Second Degree for Outstanding Service to the Witelon State University of Applied Sciences in Legnica

By decision of the Senate, CCC S.A. received the Honorary Title of the Second Degree for Outstanding Service to the Witelon State University of Applied Sciences in Legnica and the silver medal. The accolade was granted in recognition of our longstanding collaborative partnership with the school in project, image-building and recruitment initiatives.

#### e-Commerce Poland Awards 2019 Best on Mobile

e-Commerce Poland Awards 2019 is a competition for online vendors, e-commerce platforms and e-service providers that recognises the largest and most innovative companies operating in Poland. CCC S.A.'s app took the first position in the *Best on Mobile* category and eobuwie.pl S.A. won in the *Breaking the Doubts* category.

#### Top Brand 2019

The *Top Brand* awards recognise brands that enjoy the greatest brand strength, perceived quality and awareness in Poland. CCC S.A. won the first place in the *Top Brand* 2019 ranking of brands with the strongest brand image in the *Footwear* category.

#### Factory of the Year 2019

The *Factory of the Year* 2019 award honours industrial plants that have achieved the highest level of operational excellence and demonstrated plant efficiency and best management practices. CCC S.A. won the first place in the *Research and Development* category.

#### Polish Company – International Champion 2019

The *Polish Company – International Champion* competition promotes international operations of Polish companies. The export activities and foreign investments of Polish companies contribute to building a strong image of Poland on international markets. CCC S.A. won the award in the Investors – Large Companies category.

#### Transparent Company of the Year 2019

This awards programme is organised by Instytut Rachunkowości i Podatków in partnership with the *Gazeta Giełdy Parkiet* daily to recognise listed companies in the WIG 20, WIG 40 and WIG 80 indices for the three most important aspects of market communication: reporting (including financial reporting), investor relations and corporate governance. CCC S.A. received an honourable mention.

#### CEE Retail Awards 2019

This awards programme brings together retail trade leaders, including investors, property developers and experts in the CEE region. eobuwie.pl S.A. received awards in three categories: *Innovation of the Year – Concept Store*, *Fashion Omnichannel*, and *Retailer of the Year*.

#### money.pl award 2019

The money.pl portal's award is given to companies that develop new ideas and value creation models and are active in the area of innovation and technology. eobuwie.pl S.A. won in the *Company of the Year* category and in the *Game Changing Technology* category for esize.me.

#### Drum Awards for Retail Design 2019

The awards are addressed to a global audience, mainly design firms. eobuwie.pl S.A. received an award in the Retail Design category for its eobuwie.pl omnichannel concept store.

#### Prime Property Prize 2019

The *Prime Property Prize* aims to single out the companies and projects that have had the greatest impact on developments in the commercial property market in the past year as well as the figures who made a spectacular contribution to the growth of the industry as a whole. The award was presented to eobuwie.pl in the *Tenant of the Year* category.

#### PRCH Retail Award 2019

*PRCH Retail Awards* is an independent expert awards programme organised once a year by the Polish Council of Shopping Centres for retail sector operators, including retail chains, property developers, investors, and shopping centre managers. Its aim is to reward and promote achievements, best practices and innovative activities and to recognise the teams responsible for their implementation. In 2019, eobuwie.pl S.A. received two silver *PRCH Retail Awards* in the *Retail Chains – Best Performance* and *Retail Chain Expansion of the Year* categories.

#### Opineo.pl Online Stores Ranking 2019

Opineo.pl compiles an annual ranking of top online stores, selecting the best e-stores based on users' opinions. eobuwie.pl S.A. took first place in the *Clothing and Footwear* category and first place in the *Best E-Stores* category.

#### Business Leader of the Zielona Góra Region 2019

The awards programme evaluates and distinguishes the best companies in western Poland. eobuwie.pl S.A. won an award in the *Large Enterprises – Youth-Friendly Company* category.

## 6.4 SOCIAL RISKS

No material risks were identified in the social area.

# 7



# ENVIRONMENT

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ENVIRONMENTAL RISKS

# IN ENVIRONMENT

In order to maintain a balance between the CCC Group's continuous growth and mitigation of its adverse environmental impacts, the Group consistently implements its Environmental Protection Policy and Environmental Strategy 2019–2021.



[GRI 302-4, 302-5, 305-5]

The Environmental Protection Policy is based on the following six pillars:

## I. Minimising environmental impacts

Identifying, measuring and monitoring direct and indirect environmental impacts and applying practicable mitigation solutions.

To this end, we have implemented a corporate environmental strategy and a system for managing environmental footprint indicators to gradually reduce them.

We monitor our major environmental impacts.

## II. Reducing energy consumption and greenhouse gas emissions

- Using energy from renewable sources.
- Employing the latest technologies to reduce energy consumption related to the use of office, sales and warehouse space in the future.

## III. Fostering environmental attitudes and awareness

Educational campaigns increasing environmental awareness and promoting pro-ecological attitudes among employees and customers as well as children and youth from local educational institutions.

## IV. Reducing waste

Initiatives promoting responsible waste management and optimisation of the generated waste volumes, including in particular waste packaging in logistic processes (e.g. storage and production), and waste recycling.

## V. Enhancing rational use of raw materials in the supply chain

Reduced consumption of raw materials and materials in supply chain processes through their efficient management.

## VI. Investment with regard to the natural environment

Deployment of modern technological solutions to minimise environmental impacts of new infrastructure projects.



The Environmental Policy applies to all CCC Group companies regardless of their business profile and can be adopted in its entirety by individual CCC Group companies, which are free to further improve best practices.



## In 2019, the CCC Group took a number of initiatives to support the implementation of the Environmental Policy:

[GRI 302-4, 302-5, 305-5]

- We promoted the Code of Ethics and the Supplier Code of Conduct among our employees.
- We launched innovative pro-environmental solutions such as a photovoltaic farm and a cartoner, which reduced annual cardboard consumption by 100 tonnes.
- We stopped using plastic bags at CCC stores and on the ccc.eu and eobuwie.pl online platforms. We only use recycled bags and packaging and the proceeds from their sale are donated to UNICEF.
- Some of our products, both in Poland and Europe, were transported by rail. Here we partner with companies that cooperate with the Polish Alternative Fuels Association and operate fleets of vehicles powered by electricity or gas.
- We reduced the waste streams and the number of repackaging operations, and started to reuse bulk cartons at the warehouses and in distribution.
- We installed smart building management systems to reduce energy consumption, including at the Shared Service Centre, the CCC office in Warsaw, and in one of the office buildings in Polkowice.

- We got rid of all unnecessary sources of energy consumption at our brick-and-mortar stores, and eliminated use of the 'standby' mode in any devices other than the server power supply.
- We eliminated harmful gas (hydrogen) emissions from recharging of hydrogen-powered forklift trucks by switching to a fleet of trucks powered by lithium-ion batteries.
- We reduced paper consumption by implementing electronic document circulation.

## In 2019, the CCC Group developed GO.22, its new corporate strategy for 2020–2022.

One of our key strategic goals is to reduce environmental emissions of pollutants by 5% relative to the 2015–2017 period in each of the following three areas:

- Electricity consumption,
- CO<sub>2</sub> emissions,
- Waste generation.

For a detailed description of the strategy's environmental protection objectives, see Section 3.1.

## 7.1 CLIMATE CHANGE

### The CCC Group is aware of its impact on climate change and of climate change on the Group's operations.

[GRI 102-15, 201-2]

The CCC Group's impact on climate change can be seen mainly in the following areas:

- Fuel and energy consumption and the related greenhouse gas emissions from the Group's operations (in particular electricity consumption in the Group's retail chain, two own production plants and its suppliers' manufacturing facilities),
- Greenhouse gas emissions from transport (both transport of products to the stores and to retail customers who use e-commerce platforms, and transport of raw materials, consumables and goods to the CCC Group),
- Waste management methods (the key issue is waste generated at the end of the value chain, i.e. footwear once its useful life is over),
- Producing raw materials and materials used in making footwear (including natural leather and fabrics, whose production requires growing plants and rearing animals), as well as the operations of the upstream, petrochemical and chemical industries providing synthetic leather and fabrics, rubber, adhesives, varnishes and paints.

Currently climate change has limited, albeit material, impact on the CCC Group with regard to physical risks. However, this impact is anticipated to increase in the future. The growing unpredictability of weather conditions, which has been seen for a number of years, and the blurring of seasons have been identified as a material environmental risk (described in detail in Section 7.7) and have a direct effect on the demand for the Group's products.

Climate change issues identified in the area of transformational risks, i.e. those resulting from humanity's response to climate crisis challenges, involving changes in legislation, consumer behaviour patterns, demand, industry standards and regulatory environment will be a factor of growing importance to the CCC Group's operations in the foreseeable future. Although they have not yet been identified as material climate risks, the CCC Management Board has decided to take a number of initiatives to adapt the Group and increase its resilience to climate change.

These include:

- Identification of short-, medium- and long-term risks, threats and opportunities related to climate change,
- Scenario analysis of the Group's business model and strategy resilience to climate change, taking into account forecasts of an increase in average global temperatures by less than 2°C and more than 2°C compared with the pre-industrial period,
- Development and implementation of the CCC Group's climate policy.

Those initiatives should effectively address the climate change challenges:

- The requirement to reduce greenhouse gas emissions by about 40%–55% over the next decade and achieve climate neutrality by 2050 as part of the implementation of the EU's European Green Deal strategy and the Paris Agreement,
- The introduction of the carbon tax or carbon border tax in the European Union, whose concepts have been outlined in the European Green Deal and which, if introduced, could significantly affect the CCC Group as an international business relying heavily on production in non-EU countries,
- Expected major restrictions and new, more stringent emission standards in transport, especially in air and road transport,
- Limited availability or potential increase in prices of natural raw materials (leather and natural fabrics),
- Stricter laws and regulations applicable to raw materials and waste as the circular economy approach is gradually implemented across the European Union,
- Expected further increase in electricity and heat prices in Poland due to the need for accelerated decarbonisation of Poland's energy sector,
- Changes in the availability of financing depending on the degree of compliance of the Company's business with the EU's Sustainability Taxonomy.

The CCC Management Board's approach to climate change issues is based on the analysis initiated in late 2019 and early 2020, which will be continued in 2020, and followed by the planning phase (development of the climate policy and strategy) and implementation of the planned solutions. In addition, the Management Board's analyses and activities regarding climate change are supervised by the Company's Supervisory Board. The next non-financial reports, including the 2020 report, will include a discussion of the completed initiatives from among those described in this Section.



## 7.2 GREENHOUSE GAS EMISSIONS [GRI 305-1, 305-2, 305-4]



Emissions were calculated using tools provided by the GHG Protocol ([ghgprotocol.org/calculation-tools](http://ghgprotocol.org/calculation-tools)).

Emissions (Scope 2) were calculated using the average emissions intensity ratios for electricity generated in individual countries, made available by the European Environment Agency (for most EU Member States in which the CCC Group operates), the National Centre for Emissions Balancing and Management (KOBIZE) (for Poland) and its counterparts for other countries. The ratios for most countries are derived from the 2016 data, and for Poland from the 2018 data.

As regards heat, emissions intensity ratios were adopted in accordance with the data reported for Poland by the Energy Regulatory Office. With respect to the other countries, the same ratios were applied as in the case of the emissions intensity ratios for electricity generation.

Greenhouse gas emissions from the Company's operations have been monitored at the CCC Group since 2019. To assess the emissions intensity, the Group applies two greenhouse gas emission metrics, described further down in this Section.

The reported greenhouse gas emissions were calculated in accordance with the revised Greenhouse Gas Protocol Corporate Accounting and Reporting Standard.

### Organisational boundaries for the reported emissions include:

- In the case of the CCC S.A. data: only CCC S.A. (the Group parent) (100% of emissions).
- In the case of the Group data: the parent and all subsidiaries of the CCC Group, based on the operational control approach (100% of each subsidiary's emissions). Consolidation encompasses all Group levels.

### Operational boundaries of the reported emissions:

- In the case of both the parent data and the Group data, the reported emissions include Scope 1 (direct emissions) and Scope 2 (indirect emissions from the generation of purchased energy).

### Changes in emissions levels over time:

- 2019 was adopted as the base year for reporting CCC S.A.'s and CCC Group's emissions.
- This Report is the first in which emissions are reported in accordance with the GHG Protocol Corporate Accounting and Reporting Standard.



## Greenhouse gas emissions in 2019 [GRI 305-1, 305-2]

	Unit	CCC S.A.	CCC Group
<b>Scope 1</b>			
Emissions from fuel consumption in buildings and installations	Mg CO <sub>2</sub> e	1,228.9	2,103.7
Emissions from fuel consumption in transport	Mg CO <sub>2</sub> e	1,298.2	2,562.9
Total Scope 1 emissions	kg CO <sub>2</sub> e/unit	2,527.1	4,666.6
Scope 1 emissions per product unit	Mg CO <sub>2</sub> e/unit	0.1	0.1
Scope 1 emissions per PLN 1m of revenue	Mg CO <sub>2</sub> e/PLN 1m	1.1	0.8
<b>Scope 2</b>			
Emissions from purchased electricity	Mg CO <sub>2</sub> e	37,925.5	57,898.6
Emissions from purchased heat	Mg CO <sub>2</sub> e	0	30,086.1
Total Scope 2 emissions	Mg CO <sub>2</sub> e	37,925.5	87,984.8
Scope 2 emissions per product unit	kg CO <sub>2</sub> e/unit	1.5	1.7
Scope 2 emissions per PLN 1m of revenue	Mg CO <sub>2</sub> e/PLN 1m	16.7	15.1
<b>Scope 1+2</b>			
Total Scope 1+2 emissions	Mg CO <sub>2</sub> e	40,452.5	92,651.4
Scope 1+2 emissions per product unit	kg CO <sub>2</sub> e/unit	1.6	1.8
Scope 1+2 emissions per PLN 1m of revenue	Mg CO <sub>2</sub> e/PLN 1m	17.8	15.9





The vast majority (95.0%) of the CCC Group's GHG emissions are Scope 2 emissions, i.e. indirect emissions from the generation of purchased electricity and heat. Almost two-thirds (65.8% of Scope 2 emissions; 62.5% of the total) of those emissions are attributable to purchased electricity. The balance (34.2% of Scope 2 emissions; 32.5% of the total) is attributable to purchased heat. Approximately half of Scope 1 emissions (45.1% of Scope 1 emissions; 2.3% of the total) are from combustion of fuels used for heating buildings, while the remaining 54.9% (2.8% of total emissions) are emissions from burning of fuels by vehicles used by the Group. [GRI 302-4, 302-5, 305-1, 305-2, 305-5]

The emissions structure discussed above highlights the importance of measures taken to increase energy efficiency and switch to renewable energy sources. In particular, efforts made with a view to reducing electricity consumption and obtaining it from renewable sources may have the greatest impact on lowering the Group's total emissions in the coming years.

The CCC Group has not yet calculated Scope 3 indirect emissions. A project is planned to be launched in 2020 to assess and calculate Scope 3 emissions, that is all indirect greenhouse gas emissions along the Group's value chain.

CCC seeks to reduce energy consumption and GHG emissions by using energy from renewable sources, including its own solar energy. The photovoltaic farm located on one of the warehouse buildings in Polkowice brings GHG emissions reduction benefits on an annual basis. In 2019, the farm generated 55.4 MWh of electricity, which lowered CO<sub>2</sub>e emissions by 42.8 Mg.

Transport is another area of the CCC Group's operations that contributes to greenhouse gas emissions. Some of those emissions are Scope 1 emissions, to the extent they are generated by the Group's use of its own vehicle fleet. Emissions from transport fall to a larger extent within Scope 3, which has not yet been calculated. Scope 3 will cover emissions from transporting raw materials, consumables and goods from suppliers to the CCC Group, and finished products and goods to the retail chain and customers.

Since 2017, the CCC Group has been upgrading its existing fleet by switching to hybrid vehicles. Purchasing 20 hybrid vehicles (ca. 10% of all vehicles) marked the start of the project. In each subsequent year, another 70 hybrids were purchased with a view to achieving vehicle operating cost savings and reducing GHG emissions. In 2019, hybrid vehicles accounted for 40% of the CCC's fleet.

In the following years, the Company plans to buy electric vehicles to move around the premises of the Company's head office in Polkowice and its immediate neighbourhood.

Additional measures implemented in the supply chain include environmentally-friendly management of the Company's own fleet and transport service providers through:

- Selecting such means of transport as are appropriate for a particular route and cargo type,
- Optimising the use of vehicles' cargo space,
- Accurate planning of delivery and collection times, efficient unloading and loading of vehicles.

In addition, environmental aspects, such as compliance with the Euro 5 and Euro 6 standards that define acceptable limits for vehicle exhaust emissions, are among those taken into consideration when deciding on the selection of a transport services provider.

The modern format of eobuwie.pl brick-and-mortar stores helps meet customer expectations more quickly (e.g. Same Day Delivery, reserve&try on). Another benefit is that the delivery time to customers from the largest cities where the stores are located was reduced from 24 to 3 hours. Deliveries are made by electric vehicles, which have low operating costs and fit into the policy of sustainable use of resources.

## CCC's priorities in reducing its impact on climate change include cutting down greenhouse gas emissions by increasing the proportion of renewable energy sources in the Group's overall energy consumption mix and by enhancing the energy efficiency of its operations.



### EKO Biznes

Care for the natural environment is manifest in the CCC Group's active engagement in pro-environmental initiatives and investments in solutions through which it contributes to environmental protection.

In 2019, CCC S.A. received the Accession Certificate for the Tauron Group's EKO Biznes product developed in cooperation with the Polish Energy Certification Association (PTCE).

The Company agreed to purchase electricity volumes produced from high-efficiency cogeneration of electricity and heat. Thus, the electricity purchased by CCC comes from environmentally friendly sources.

### Planned electricity purchase volume:

**20,254,010 MWh**

### Value of the CO<sub>2</sub> emission reduction equivalent:

**657,304 tonnes**

### Forecast period:

**January 1st 2020 – December 31st 2020**

After the end of the contract term CCC S.A. will receive a certificate confirming the CO<sub>2</sub> emission reduction level resulting from the actual electricity consumption during the contract term.



## 7.3 CONSUMPTION OF FUELS AND ENERGY

[GRI 302-1, 302-2, 302-3, 302-4, 302-5]

### Fuel and energy consumption in 2019

	Unit	CCC S.A.	CCC Group
<b>Fuels used in buildings and installations</b>			
Natural gas	MWh	6,067.1	10,123.2
Fuel oil	MWh	0	132.0
LPG	MWh	0	71.8
<b>Fuels used in transport by own vehicles</b>			
Gasoline	MWh	2,112.0	2,112.0
Diesel oil	MWh	2,885.6	5,804.4
<b>Purchased energy</b>			
Electricity	MWh	49,099.1	121,234.2
Heat	MWh	0	75,981.1
<b>Total energy consumption</b>	<b>MWh</b>	<b>60,163.8</b>	<b>215,458.7</b>

### Consumption of fuels and energy from renewable and non-renewable energy sources in 2019

	Unit	CCC S.A.	CCC Group
Energy from all renewable sources (fuels and purchased energy)	MWh	55.4	5,764.5
Percentage of energy from renewable sources	%	0.1	2.7
Energy from all non-renewable sources (fuels and purchased energy)	MWh	60,108.4	209,694.2
Percentage of energy from non-renewable sources	%	99.9	97.3
<b>Total energy from all sources</b>	<b>MWh</b>	<b>60,163.8</b>	<b>215,458.7</b>

### Energy intensity ratios in 2019

	Unit	CCC S.A.	CCC Group
Energy from renewable sources per product unit	kWh/unit	0	0.1
Energy from renewable sources per PLN 1m of revenue	MWh/PLN 1m	0	1.0
Energy from non-renewable sources per product unit	kWh/unit	2.4	4.0
Energy from non-renewable sources per PLN 1m of revenue	MWh/PLN 1m	26.5	35.9
<b>Energy from all sources per product unit</b>	<b>kWh/unit</b>	<b>2.4</b>	<b>4.1</b>
<b>Energy from all sources per PLN 1m of revenue</b>	<b>MWh/PLN 1m</b>	<b>26.5</b>	<b>36.9</b>

Most of the energy consumed by the CCC Group in its operations is energy used in buildings. The largest proportion is electricity, which accounted for around 56.3% of the Group's total energy consumption in 2019, at 121,200 MWh. 35.3% was purchased heat. 4.8% of energy was fuel used in buildings, and only 3.7% was fuel used in vehicles operated by the Group.

The majority (as much as 81.4%) of the electricity used in the CCC Group was consumption in the stores. Therefore, the main efforts to increase energy efficiency focus on optimising in-store electricity consumption.

## 2018 saw commencement of work to develop an optimal model for managing energy parameters in the CCC stores.

The model was developed by test metering of all areas of electricity consumption in a designated group of model stores. This helped to identify sources of energy losses for the purpose of eliminating them in the future. The effort was continued in 2019 with the aim of eliminating all unnecessary sources of energy consumption and use of the 'standby' mode on all equipment other than the server power supply. Excessive consumption sources will be reduced by implementing a fine-tuned management model in the stores and by eliminating unnecessary receivers. These measures are expected to help improve energy efficiency.

Energy efficiency upgrades were completed in almost 460 stores in Poland in 2019. Preliminary analysis carried out on a sample of 30 locations showed average savings of 760 kWh per store per month (assumed rate of PLN 0.33). If similar results were obtained in all CCC Group stores, the savings would be over 10,000 MWh per year, or more than 8% of the Group's annual electricity consumption.

In 2019, we continued the 2015 programme to eliminate metal-halide lighting. The main advantage of changing the technology is more efficient use of energy. LED light sources do not generate heat losses when converting energy into light, which reduces air-conditioning load in a building. In contrast, metal-halide lamps used only half of the energy to deliver light. For structural reasons, metal-halide lighting generated large quantities of waste heat, which was an additional air-conditioning load. Another advantage of LEDs is their long life of up to 50,000 hours, meaning less frequent replacements and less waste (including hazardous waste). Moreover, LED lights guarantee good quality light, and the technology employed is eye-friendly, it does not tire the eyes and does not emit harmful UV radiation.

# DALI

## LED lighting has been implemented in 80% of our stores in Poland by the end of 2019.

The changes in lighting made it possible to reduce electricity consumption (power reduction from 150W to 19W on one light source). Work is also under way to develop new solutions to cut down the power consumption of LED screens.

Other buildings occupied by the CCC Group have also undergone energy efficiency modifications, with innovative, energy-saving LED lighting installed in warehouses. The warehouse facilities have also been equipped with various other solutions reducing energy consumption, including air doors, automatic shutter systems and glazing to limit the penetration of solar radiation into the facilities and provide thermal insulation to reduce temperature spikes indoors. This translated directly into lower energy consumption of air conditioning equipment.

The main areas of consumption and, thus, of energy savings within the CCC headquarters are identified using a modern integrated electricity network control system ZENON. Implemented for improved supervision of the power infrastructure of facilities, this comprehensive software solution supports efficient monitoring, analysis and reporting of energy data

## New investment projects are designed and implemented with the use of energy-efficient technologies.

The initiatives in this area include transition to energy-efficient sensor-controlled technologies and solutions managing energy receivers in the facilities.

In the CCC Research and Development Centre in Polkowice energy consumption is reduced thanks to

## the modern DALI system, which supports smart management of lighting in the building.

The system is equipped with sensors which automatically adjust lighting in the building depending on the level of daylight illumination.

## 7.4 WATER AND EFFLUENTS

[GRI 303-1, 303-2, 303-3]

The CCC Group uses water primarily for sanitary and drinking purposes. Water is also an important feedstock used in production processes in the Polkowice and Słupsk plants.

The CCC Group sources water mainly from external suppliers. Only the subsidiary Gino Rossi S.A. has its own water withdrawal point in addition to water delivered by external suppliers. Municipal wastewater and industrial wastewater is discharged into the sewerage network.

CCC promotes the following environmental objectives in water use and wastewater generation:

- Minimising water consumption in production processes and efficient water resources management,
- Proper treatment of wastewater from the tanning industry before discharge.

Water consumption and wastewater discharge in 2019

	Unit	CCC S.A.	CCC Group
<b>Water consumption</b>			
Water purchased	m <sup>3</sup>	15,218.0	53,712.0
Water from own intakes	m <sup>3</sup>	0	2,213.0
Total water consumption	m <sup>3</sup>	15,218.0	55,925.0
Water consumption per product unit	l/unit	0.6	1.1
Water consumption per PLN 1m of revenue	m <sup>3</sup> /PLN 1m	6.7	9.6
<b>Effluents</b>			
Effluents discharged into municipal network	m <sup>3</sup>	11,174.0	50,347.0
Effluents discharged per product unit	l/unit	0.5	1.0
Effluents discharged per PLN 1m of revenue	m <sup>3</sup> /PLN 1m	4.9	8.6

## 7.5 RAW MATERIALS AND WASTE

[GRI 301-1, 301-2, 301-3]

### Main categories of raw materials and materials used in 2019

	Unit	CCC S.A.	CCC Group
Natural leather	Mg	0	751.5
Synthetic leather	Mg	0	15.4
Materials made of natural fibres	Mg	0	30.5
Materials made of artificial fibres	Mg	0	928.2
Rubber	Mg	0	12.7
Metal pieces	Mg	0	1.8
Paper	Mg	0	135.1
Cardboard	Mg	0	2,409.0
Paints and varnishes	Mg	0	0
Adhesives	Mg	0	48.9
Plastic film	Mg	0	94.7
Wood	Mg	0	1,714.6
Branded packing tape	Mg	0	5.6
Toners	unit	0	2,030.0

The CCC Group has two production subsidiaries CCC Factory Sp. z o.o. and Gino Rossi S.A. They use materials such as natural and synthetic leather, materials made of natural and artificial fibres, rubber, metal pieces, adhesives, paints and varnishes to make footwear and other products. Materials such as paper, cardboard, plastic film and wood are used for packing, logistics and transport.

### Hazardous and non-hazardous waste generated in 2019

	Unit	CCC S.A.	CCC Group
<b>Hazardous waste</b>			
Recycling	Mg	0.20	9.70
Storage and landfill sites	m <sup>3</sup>	0	0
Disposal	Mg	0	190.50
Reuse	Mg	0	0
Permanent on-site storage	Mg	0	0
<b>Total hazardous waste</b>	<b>Mg</b>	<b>0.20</b>	<b>200.20</b>
Hazardous waste per product unit	kg/unit	0	0
Hazardous waste per PLN 1m of revenue	Mg/PLN 1m	0	0
<b>Non-hazardous waste</b>			
Recycling	Mg	2,285.10	5,899.70
Storage and landfill sites	Mg	39.40	823.00
Disposal	Mg	0	129.20
Reuse	Mg	0	0
Permanent on-site storage	Mg	0	0
<b>Total non-hazardous waste</b>	<b>Mg</b>	<b>2,324.50</b>	<b>6,851.90</b>
Non-hazardous waste per product unit	kg/unit	0.09	0.13
Non-hazardous waste per PLN 1m of revenue	Mg/PLN 1m	1.00	1.20



Two thirds of the waste we generate is recycled or otherwise recovered.



To maintain the balance between the CCC Group's continuous growth and efforts to minimise the adverse environmental impacts of its operations, we take steps towards responsible waste management and optimisation of waste volumes.

Examples include in particular recycling of packaging waste generated in logistics processes (e.g. storage).

In 2019, Vögele Shoes launched a recycling programme, as part of which used shoes and bags can be exchanged for shopping vouchers at Vögele Shoes stores. To this end, the company has developed a complete communication concept: from the Vögele Shoes recycling label, which is used instead of the company's logo in the right context under the slogan "Every shoe tells a story. A new one starts with recycling", through tools to be used in the stores, to finish with boxes for collecting used footwear. [GRI 301-3]

In 2019, Vögele Shoes collected and recycled more than 530 tonnes of shoes.

Waste generated by CCC in its operations represents a significant environmental impact. The main waste streams are generated in the manufacturing, transport and warehousing activities. The largest percentage of waste is packaging and footwear manufacturing waste.

Suppliers strive to ensure that the footwear design is such as to reduce waste to minimum. Scraps of material that are left over are used for making all kinds of ornaments (e.g. a zipper tag, etc.).

Wherever possible, CCC seeks to reuse packaging and prevent packaging waste through reducing the number of postseason footwear repackaging (e.g. in the case of damaged unit packagings). Bulk packs are a material frequently re-used in storage and distribution, as well as in transport of postseason goods to the head office, or in storage of goods in deposit warehouses. The most damaged cartons, no longer fit for re-use, are recycled. Before being transferred to licensed recyclers, cardboard and paper from the Company's head office and factories are baled, which optimises space occupied by waste and costs of its transport. Repackaging waste is also recycled and sent to licensed companies that recycle plastics to regranulated plastics, which are used as input for further production.

All waste whose generation could not be prevented is selectively stored and transferred to companies holding appropriate licences for managing particular types of waste.

Ongoing monitoring of the amounts of generated waste as well as analysis of previous years' data help us identify sensitive areas. In order to improve the management of efficient use of raw materials, consumables and produced waste, our Research and Development Centre (R&D Centre) is working on projects to optimise the use of materials and reduce waste volumes, thus mitigating their adverse environmental impact.

The R&D Centre is also working to develop innovative concepts of product packaging and new technologies for footwear distribution, implement a new concept of goods packaging, minimise the amount of generated waste, develop a prototype device for sealing shoe packaging, develop an optimum action plan to reduce the use of cardboard boxes, as well as testing packaging's durability and ageing of packaging materials.



## 7.6 OTHER ENVIRONMENTAL ISSUES

[GRI 303-2]

Each of our suppliers agrees to comply with the applicable environmental regulations, to use resources reasonably and to continuously improve their environmental protection processes.

The Supplier Code of Conduct is an integral part of a contract between CCC and a supplier. The CCC Group requires its suppliers to implement applicable standards, including environmental standards with respect to water, wastewater and chemicals management.

Suppliers minimise water consumption in production processes and manage water resources efficiently. Since leather tanning wastewater contains substances such as chromium (III) sulfate, sulfuric acid etc., suppliers ensure that wastewater is properly treated before discharge.

The CCC Group's trading partners appropriately use, store and dispose of chemicals applied in production processes. Chemicals are used in accordance with applicable laws. Suppliers identify and manage the risks associated with the use of hazardous chemicals, taking into account the health of employees, footwear users and local communities, and the environmental impacts.

Suppliers manage air emissions (aerosols, volatile organic compounds etc.) and take care to protect employees, their families and local communities from the negative impact of such emissions.

In 2019, no proceedings were pending against and no sanctions were imposed on the CCC Group for non-compliance with environmental laws.



The CCC Group is in the process of designing the **‘Go for nature’** line that will use materials from sustainable sources.





## 7.7 ENVIRONMENTAL RISKS [GRI 201-2]

### Risk of regulatory changes related to environmental protection and climate change

Legal regulations on protecting the environment and using natural resources are becoming increasingly stringent, which makes entrepreneurs adopt more conscious approaches to managing their businesses. In the event of changes in environmental regulations, there is a risk of failure to meet the new requirements in a timely manner. Such risk may significantly affect the CCC Group's financial performance or its corporate image.

**Description of the risk management approach:** Establishment of the CCC Group's Compliance function to continuously monitor legislative changes in all areas of the Group's operations, coupled with monitoring of upcoming legislative changes and adaptation to new requirements.

### Risk of changes in prices of materials and raw materials

Economic, political and social trends can contribute to an increase in the prices of materials and raw materials used by the CCC Group in its operations, which may lead to higher selling prices of goods.

**Description of the risk management approach:** Non-reliance on any single supplier, diversification of trading partners.

### Risk related to the availability of raw materials

Gradual depletion of natural resources significantly affects their composition and price. Low availability of raw materials of suitable quality has a major effect on their final cost.

**Description of the risk management approach:** Non-reliance on any single supplier and readiness to embrace change in production technologies.

### Risk of an adverse event involving a breakdown or fire

This risk is associated with possible adverse occurrences in the course of the CCC Group's operating activities. Although the machinery and buildings are appropriately protected with respect to OHS and fire safety, the CCC Group is aware that adverse events may occur. For example, the use of large quantities of inflammable materials can cause the break out and spread of a fire. However, the risk of such an event is small and acceptable.

**Description of the risk management approach:** The CCC Group takes measures to reduce the risk of fire through consistent fire safety improvements, which involve furnishing buildings with additional fire safety systems, even when doing so is not required by law, having all the buildings located on the premises of its head office in Polkowice monitored by the National Fire Service, having in place OHS position-specific instructions setting out the emergency and crisis procedures, including fire emergency procedures, OHS and fire safety training for employees, frequent safety walks conducted by the OHS and Fire Protection Department staff

in particularly fire-prone areas, regular technical check-ups of the fire-fighting machinery, equipment and systems.

### Risk of increased water consumption

The CCC Group is aware of the amount of water needed to produce materials for making footwear, handbags and accessories, especially given that those goods are often manufactured in water-stressed regions.

**Description of the risk management approach:** The Supplier Code of Conduct, which includes provisions on rational use of water resources, is an integral part of our contracts with suppliers. The suppliers are subject to audits.

### Risk of unpredictable weather conditions

The effects of climate change are felt worldwide, leaving their imprint on the CCC Group's production, logistics and strategic areas. Climate change brings about an increase in weather extremes and makes the weather less predictable, which can cause difficulties in land, air, rail and water transport, have a direct impact on production volumes and efficiency, and make it much harder to plan lines of footwear to meet customer expectations.

**Description of the risk management approach:** To minimise risks associated with unpredictable weather conditions, the Group has taken the following steps: appropriate inventory management, development of emergency procedures, securing cargo and carrier insurance policies, diversification of transport service providers, as well as implementing changes in planning new lines of footwear in terms

of the procurement structure as well as the nature and composition of products. As weather conditions change (the weather impulse for buying weakens since the seasons tend to blur), sales are increasingly focused on all-year-round products. Fashion and willingness to keep abreast with current trends are becoming more important purchase drivers than the weather factor.

### Risk associated with the use of chemicals

An accident can occur as a result of work processes at the CCC Group.

**Description of the risk management approach:** To minimise risks associated with the use of chemicals, the Group takes steps to manage its OHS and health protection policies, implements OHS instructions for the use of chemical substances and preparations, applies product quality and safety requirements and procedures to be followed when handling chemical substances and mixtures. Preventive measures include the use of personal protective equipment, appropriate to the threat in question, as well as cooperation with third parties with respect to periodic testing of chemical agent concentrations.



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# ABOUT THIS REPORT

## This Report includes non-financial information about CCC S.A. and the CCC Group for the period January 1st –December 31st 2019.

[GRI 102-45, 102-46, 102-48, 102-49, 102-50, 102-51, 102-52, 102-54, 102-56]

This Report is a non-financial statement prepared in accordance with Art. 49b and Art. 55.2b-2c of the Accounting Act of September 29th 1994.

This Report has been drafted in accordance with the Global Reporting Initiative (GRI) Standards: Core option.

The **'Index tables'** Section contains a detailed list of GRI indicators with references to the respective parts of this Report.

This Report has not been externally assured. All information, data and statements contained in this Report pertain to the CCC Group and its parent CCC S.A., unless expressly indicated otherwise.

The previous non-financial Report, covering the period January 1st–December 31st 2018, was published on March 14th 2019 and no corrections were made to it after that date.

The 2019 non-financial report has been prepared according to the same guidelines and standards for reporting non-financial information. In addition, the 2019 Report takes into account the European Commission's Guidelines for reporting non-financial information: Supplement on reporting climate-related information (2019/C 209/01) and Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

The non-financial report of the CCC Group and CCC S.A. is prepared on an annual basis. In each case, the non-financial reports cover the full calendar year and are released by the end of the first quarter of the year following the end of the reporting period.



## 8.1 MATERIALITY OF THE REPORTED INFORMATION

### Materiality assessment

[GRI 102-21, 102-42, 102-43, 102-44, 102-47]

As part of preparations for drawing up this non-financial report and updating the CCC Group's corporate social responsibility strategy, a dialogue session was held with key stakeholder groups. The session was attended by 17 third-party experts representing key stakeholder groups as well as the President of the CCC Management Board, the Chairman of the CCC Supervisory Board, the Head of the Organisation and Investor Relations Office and the CSR Coordinator. The dialogue session was held on June 5th 2019, based on the AA1000SES international dialogue standard, with the participation of independent facilitators.

The purpose of the session was to gauge the stakeholders' opinions on the CCC Group's sustainable development and CSR strategies and efforts, to find out the stakeholders' expectations for the CCC Group's next report and to build a dialogue with important partner institutions.

Conclusions from the session serve as a basis for determining the content of the CCC Group's non-financial reports for the current and the following year. The next dialogue with stakeholders will take place in 2021, in line with the Company's decision to hold such dialogue sessions every two years.

### Key stakeholder groups [GRI 102-40]

The CCC Group's key stakeholders are:

- Customers
- Employees
- Suppliers
- Trading partners
- Industry organisations
- Shopping centres
- Local communities from the Polkowice and Słupsk counties
- Local governments
- NGOs
- Universities and schools
- Media
- Shareholders.

### Material non-financial aspects

[GRI 102-41, 102-47, 103-1, 103-2, 103-3]

The dialogue session helped identify those areas in which the Company and the Group have material impacts on the environment and those areas in which the environment has a material impact on the Company and the Group.

List of key topics for the CCC Group in the context of sustainable development and corporate social responsibility, identified as material by the organisation and its stakeholders:

- CCC Group's environmental impacts, including in the supply chain,
- Raw materials, their sources and production methods,
- Efforts to mitigate negative impacts on the natural environment,
- Employment of the circular economy approach,
- Waste management,
- Educating customers on responsible consumption,
- Relations with local communities,
- Cooperation with NGOs,
- Cooperation with educational institutions (schools and universities),
- Ensuring human rights, including in the supply chain, and the related audits,
- Handling complaints,
- Activities promoting sports,
- Human resources management standards,
- Occupational health and safety.

For detailed information on the extent of the organisation's impact on the material aspects, the management approach, including policies, objectives, resources as well as the reporting, assessment and monitoring systems, see the respective sections devoted to each of the above issues.

## 8.2 INDEX TABLES

The following tables contain:

- Complete statement of this Report's compliance with the non-financial information requirements under the Accounting Act,
- Complete statement of this Report's compliance with guidelines on reporting climate-related information under Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD),
- Complete list of indicators used in the assessment of the companies' non-financial activities in accordance with the Global Reporting Initiative (GRI) Standards, Core option.

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### 8.3 CONTACT POINT [GRI 102-53]

We are open to receive your questions and opinions. Please send them to **Daria Sulgostowska** (Spokesperson/Corporate Communications Manager) and **Adam Pogorzelski** (CSR Specialist)

[csr.eu@ccc.eu](mailto:csr.eu@ccc.eu)



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# APPENDICES

## APPENDIX 1. DATA ON THE WORKFORCE

Information on the CCC Group's workforce structure does not include the CCC Romania data. The number of employees is given in full-time equivalents.

**Table Z1.1. Number of employees working under employment contracts (FTEs, by age and gender)**

FTEs	CCC S.A.									CCC Group								
	2018			2019			y/y change			2018			2019			y/y change		
	W	M	W+M	W	M	W+M	W	M	W+M	W	M	W+M	W	M	W+M	W	M	W+M
<b>Senior management, including:</b>	<b>8.0</b>	<b>0.0</b>	<b>8.0</b>	<b>4.0</b>	<b>1.0</b>	<b>5.0</b>	<b>-50.0%</b>	<b>—</b>	<b>-37.5%</b>	<b>26.0</b>	<b>18.0</b>	<b>44.0</b>	<b>35.0</b>	<b>38.0</b>	<b>73.0</b>	<b>34.6%</b>	<b>111.1%</b>	<b>65.9%</b>
aged 50+	2.0	0.0	2.0	1.0	0.0	1.0	-50.0%	—	-50.0%	5.0	2.0	7.0	4.0	6.0	10.0	-20.0%	200.0%	42.9%
aged 40-50	6.0	0.0	6.0	3.0	1.0	4.0	-50.0%	—	-33.3%	16.0	8.0	24.0	19.0	17.0	36.0	18.8%	112.5%	50.0%
aged 30-40	0.0	0.0	0.0	0.0	0.0	0.0	—	—	—	5.0	8.0	13.0	11.0	15.0	26.0	120.0%	87.5%	100.0%
aged less than 30	0.0	0.0	0.0	0.0	0.0	0.0	—	—	—	0.0	0.0	0.0	1.0	0.0	1.0	—	—	—
<b>Managers and supervisors, including:</b>	<b>36.0</b>	<b>44.0</b>	<b>80.0</b>	<b>39.0</b>	<b>40.0</b>	<b>79.0</b>	<b>8.3%</b>	<b>-9.1%</b>	<b>-1.3%</b>	<b>256.0</b>	<b>123.0</b>	<b>379.0</b>	<b>565.0</b>	<b>183.0</b>	<b>748.0</b>	<b>120.7%</b>	<b>48.8%</b>	<b>97.4%</b>
aged 50+	1.0	3.0	4.0	2.0	3.0	5.0	100.0%	0.0%	25.0%	17.0	12.0	29.0	27.0	14.0	41.0	58.8%	16.7%	41.4%
aged 40-50	18.0	22.0	40.0	21.0	20.0	41.0	16.7%	-9.1%	2.5%	67.0	41.0	108.0	121.0	53.0	174.0	80.6%	29.3%	61.1%
aged 30-40	17.0	19.0	36.0	16.0	17.0	33.0	-5.9%	-10.5%	-8.3%	123.0	57.0	180.0	255.0	82.0	337.0	107.3%	43.9%	87.2%
aged less than 30	0.0	0.0	0.0	0.0	0.0	0.0	—	—	—	49.0	13.0	62.0	162.0	34.0	196.0	230.6%	161.5%	216.1%
<b>Other employees, including:</b>	<b>5,947.0</b>	<b>533.0</b>	<b>6,480.0</b>	<b>6,138.0</b>	<b>534.0</b>	<b>6,672.0</b>	<b>3.2%</b>	<b>0.2%</b>	<b>3.0%</b>	<b>10,269.1</b>	<b>1,347.6</b>	<b>11,616.6</b>	<b>12,777.9</b>	<b>1,657.9</b>	<b>14,435.8</b>	<b>24.4%</b>	<b>23.0%</b>	<b>24.3%</b>
aged 50+	215.0	8.0	223.0	255.0	14.0	269.0	18.6%	75.0%	20.6%	703.1	76.0	779.1	986.1	103.5	1,089.6	40.3%	36.2%	39.9%
aged 40-50	1,022.0	51.0	1,073.0	1,184.0	72.0	1,256.0	15.9%	41.2%	17.1%	2,045.5	148.9	2,194.4	2,522.5	213.2	2,735.7	23.3%	43.1%	24.7%
aged 30-40	1,926.0	148.0	2,074.0	1,962.0	149.0	2,111.0	1.9%	0.7%	1.8%	3,166.5	410.3	3,576.8	3,827.5	501.9	4,329.4	20.9%	22.3%	21.0%
aged less than 30	2,784.0	326.0	3,110.0	2,737.0	299.0	3,036.0	-1.7%	-8.3%	-2.4%	4,354.0	712.4	5,066.4	5,441.7	839.4	6,281.1	25.0%	17.8%	24.0%

**Staff of all levels**

aged 50+	218.0	11.0	229.0	258.0	17.0	275.0	18.3%	54.5%	20.1%	725.1	90.0	815.1	1,017.1	123.5	1,140.6	40.3%	37.2%	39.9%
aged 40-50	1,046.0	73.0	1,119.0	1,208.0	93.0	1,301.0	15.5%	27.4%	16.3%	2,128.5	197.9	2,326.4	2,662.5	283.2	2,945.7	25.1%	43.1%	26.6%
aged 30-40	1,943.0	167.0	2,110.0	1,978.0	166.0	2,144.0	1.8%	-0.6%	1.6%	3,294.5	475.3	3,769.8	4,093.5	598.9	4,692.4	24.3%	26.0%	24.5%
aged less than 30	2,784.0	326.0	3,110.0	2,737.0	299.0	3,036.0	-1.7%	-8.3%	-2.4%	4,403.0	725.4	5,128.4	5,604.7	873.4	6,478.1	27.3%	20.4%	26.3%
<b>Total for all levels</b>	<b>5,991.0</b>	<b>577.0</b>	<b>6,568.0</b>	<b>6,181.0</b>	<b>575.0</b>	<b>6,756.0</b>	<b>3.2%</b>	<b>-0.3%</b>	<b>2.9%</b>	<b>10,551.1</b>	<b>1,488.6</b>	<b>12,039.6</b>	<b>13,377.9</b>	<b>1,878.9</b>	<b>15,256.8</b>	<b>26.8%</b>	<b>26.2%</b>	<b>26.7%</b>



**Table Z1.2. Number of employees working under fixed-term employment contracts (FTEs, by age and gender)**

FTEs	CCC S.A.									CCC Group								
	2018			2019			y/y change			2018			2019			y/y change		
	W	M	W+M	W	M	W+M	W	M	W+M	W	M	W+M	W	M	W+M	W	M	W+M
<b>Senior management, including:</b>	<b>1.0</b>	<b>0.0</b>	<b>1.0</b>	<b>1.0</b>	<b>0.0</b>	<b>1.0</b>	<b>0.0%</b>	<b>—</b>	<b>0.0%</b>	<b>2.0</b>	<b>1.0</b>	<b>3.0</b>	<b>5.0</b>	<b>2.0</b>	<b>7.0</b>	<b>150.0%</b>	<b>100.0%</b>	<b>133.3%</b>
aged 50+	0.0	0.0	0.0	0.0	0.0	0.0	—	—	—	0.0	0.0	0.0	0.0	0.0	0.0	—	—	—
aged 40-50	1.0	0.0	1.0	1.0	0.0	1.0	0.0%	—	0.0%	2.0	0.0	2.0	5.0	1.0	6.0	150.0%	—	200.0%
aged 30-40	0.0	0.0	0.0	0.0	0.0	0.0	—	—	—	0.0	1.0	1.0	0.0	1.0	1.0	—	0.0%	0.0%
aged less than 30	0.0	0.0	0.0	0.0	0.0	0.0	—	—	—	0.0	0.0	0.0	0.0	0.0	0.0	—	—	—
<b>Managers and supervisors, including:</b>	<b>6.0</b>	<b>7.0</b>	<b>13.0</b>	<b>6.0</b>	<b>7.0</b>	<b>13.0</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>48.0</b>	<b>19.0</b>	<b>67.0</b>	<b>56.0</b>	<b>24.0</b>	<b>80.0</b>	<b>16.7%</b>	<b>26.3%</b>	<b>19.4%</b>
aged 50+	0.0	0.0	0.0	0.0	0.0	0.0	—	—	—	0.0	1.0	1.0	0.0	1.0	1.0	—	0.0%	0.0%
aged 40-50	1.0	3.0	4.0	1.0	3.0	4.0	0.0%	0.0%	0.0%	7.0	5.0	12.0	7.0	6.0	13.0	0.0%	20.0%	8.3%
aged 30-40	5.0	4.0	9.0	5.0	4.0	9.0	0.0%	0.0%	0.0%	29.0	10.0	39.0	29.0	12.0	41.0	0.0%	20.0%	5.1%
aged less than 30	0.0	0.0	0.0	0.0	0.0	0.0	—	—	—	12.0	3.0	15.0	20.0	5.0	25.0	66.7%	66.7%	66.7%
<b>Other employees, including:</b>	<b>3,415.0</b>	<b>351.0</b>	<b>3,766.0</b>	<b>3,317.0</b>	<b>313.0</b>	<b>3,630.0</b>	<b>-2.9%</b>	<b>-10.8%</b>	<b>-3.6%</b>	<b>4,871.5</b>	<b>749.2</b>	<b>5,620.7</b>	<b>4,886.5</b>	<b>759.0</b>	<b>5,645.6</b>	<b>0.3%</b>	<b>1.3%</b>	<b>0.4%</b>
aged 50+	89.0	1.0	90.0	100.0	5.0	105.0	12.4%	400.0%	16.7%	172.8	13.0	185.8	199.9	18.1	218.0	15.7%	39.5%	17.3%
aged 40-50	384.0	20.0	404.0	443.0	22.0	465.0	15.4%	10.0%	15.1%	633.0	49.0	682.0	619.2	75.0	694.2	-2.2%	53.1%	1.8%
aged 30-40	772.0	57.0	829.0	730.0	51.0	781.0	-5.4%	-10.5%	-5.8%	1,212.9	191.8	1,404.7	1,201.8	192.7	1,394.5	-0.9%	0.5%	-0.7%
aged less than 30	2,170.0	273.0	2,443.0	2,044.0	235.0	2,279.0	-5.8%	-13.9%	-6.7%	2,852.8	495.5	3,348.3	2,865.7	473.2	3,338.9	0.5%	-4.5%	-0.3%
<b>Staff of all levels</b>																		
aged 50+	89.0	1.0	90.0	100.0	5.0	105.0	12.4%	400.0%	16.7%	172.8	14.0	186.8	199.9	19.1	219.0	15.7%	36.6%	17.2%
aged 40-50	386.0	23.0	409.0	445.0	25.0	470.0	15.3%	8.7%	14.9%	642.0	54.0	696.0	631.2	82.0	713.2	-1.7%	51.9%	2.5%
aged 30-40	777.0	61.0	838.0	735.0	55.0	790.0	-5.4%	-9.8%	-5.7%	1,241.9	202.8	1,444.7	1,230.8	205.7	1,436.5	-0.9%	1.5%	-0.6%
aged less than 30	2,170.0	273.0	2,443.0	2,044.0	235.0	2,279.0	-5.8%	-13.9%	-6.7%	2,864.8	498.5	3,363.3	2,885.7	478.2	3,363.9	0.7%	-4.1%	0.0%
<b>Total for all levels</b>	<b>3,422.0</b>	<b>358.0</b>	<b>3,780.0</b>	<b>3,324.0</b>	<b>320.0</b>	<b>3,644.0</b>	<b>-2.9%</b>	<b>-10.6%</b>	<b>-3.6%</b>	<b>4,921.5</b>	<b>769.2</b>	<b>5,690.7</b>	<b>4,947.5</b>	<b>785.0</b>	<b>5,732.6</b>	<b>0.5%</b>	<b>2.1%</b>	<b>0.7%</b>

**Table Z1.3. Number of employees working under indefinite-term employment contracts (FTEs, by age and gender)**

FTEs	CCC S.A.									CCC Group								
	2018			2019			y/y change			2018			2019			y/y change		
	W	M	W+M	W	M	W+M	W	M	W+M	W	M	W+M	W	M	W+M	W	M	W+M
<b>Senior management, including:</b>	<b>7.0</b>	<b>0.0</b>	<b>7.0</b>	<b>3.0</b>	<b>1.0</b>	<b>4.0</b>	<b>-57.1%</b>	<b>—</b>	<b>-42.9%</b>	<b>24.0</b>	<b>17.0</b>	<b>41.0</b>	<b>30.0</b>	<b>36.0</b>	<b>66.0</b>	<b>25.0%</b>	<b>111.8%</b>	<b>61.0%</b>
aged 50+	2.0	0.0	2.0	1.0	0.0	1.0	-50.0%	—	-50.0%	5.0	2.0	7.0	4.0	6.0	10.0	-20.0%	200.0%	42.9%
aged 40-50	5.0	0.0	5.0	2.0	1.0	3.0	-60.0%	—	-40.0%	14.0	8.0	22.0	14.0	16.0	30.0	0.0%	100.0%	36.4%
aged 30-40	0.0	0.0	0.0	0.0	0.0	0.0	—	—	—	5.0	7.0	12.0	11.0	14.0	25.0	120.0%	100.0%	108.3%
aged less than 30	0.0	0.0	0.0	0.0	0.0	0.0	—	—	—	0.0	0.0	0.0	1.0	0.0	1.0	—	—	—
<b>Managers and supervisors, including:</b>	<b>30.0</b>	<b>37.0</b>	<b>67.0</b>	<b>33.0</b>	<b>33.0</b>	<b>66.0</b>	<b>10.0%</b>	<b>-10.8%</b>	<b>-1.5%</b>	<b>208.0</b>	<b>104.0</b>	<b>312.0</b>	<b>509.0</b>	<b>159.0</b>	<b>668.0</b>	<b>144.7%</b>	<b>52.9%</b>	<b>114.1%</b>
aged 50+	1.0	3.0	4.0	2.0	3.0	5.0	100.0%	0.0%	25.0%	17.0	11.0	28.0	27.0	13.0	40.0	58.8%	18.2%	42.9%
aged 40-50	17.0	19.0	36.0	20.0	17.0	37.0	17.6%	-10.5%	2.8%	60.0	36.0	96.0	114.0	47.0	161.0	90.0%	30.6%	67.7%
aged 30-40	12.0	15.0	27.0	11.0	13.0	24.0	-8.3%	-13.3%	-11.1%	94.0	47.0	141.0	226.0	70.0	296.0	140.4%	48.9%	109.9%
aged less than 30	0.0	0.0	0.0	0.0	0.0	0.0	—	—	—	37.0	10.0	47.0	142.0	29.0	171.0	283.8%	190.0%	263.8%
<b>Other employees, including:</b>	<b>2,532.0</b>	<b>182.0</b>	<b>2,714.0</b>	<b>2,821.0</b>	<b>221.0</b>	<b>3,042.0</b>	<b>11.4%</b>	<b>21.4%</b>	<b>12.1%</b>	<b>5,397.6</b>	<b>598.4</b>	<b>5,996.0</b>	<b>7,891.3</b>	<b>898.9</b>	<b>8,790.2</b>	<b>46.2%</b>	<b>50.2%</b>	<b>46.6%</b>
aged 50+	126.0	7.0	133.0	155.0	9.0	164.0	23.0%	28.6%	23.3%	530.3	63.0	593.3	786.2	85.4	871.6	48.3%	35.5%	46.9%
aged 40-50	638.0	31.0	669.0	741.0	50.0	791.0	16.1%	61.3%	18.2%	1,412.5	99.9	1,512.5	1,903.4	138.2	2,041.6	34.7%	38.3%	35.0%
aged 30-40	1,154.0	91.0	1,245.0	1,232.0	98.0	1,330.0	6.8%	7.7%	6.8%	1,953.6	218.5	2,172.1	2,625.7	309.2	2,9			

Table Z1.4. New hires (FTEs, by type of employment contract, age and gender)

FTEs	CCC S.A.									CCC Group								
	indefinite term			fixed term			total			indefinite term			fixed term			total		
	W	M	W+M	W	M	W+M	W	M	W+M	W	M	W+M	W	M	W+M	W	M	W+M
<b>Senior management, including:</b>	0.0	0.0	0.0	1.0	0.0	1.0	1.0	0.0	1.0	6.0	0.0	6.0	5.0	2.0	7.0	11.0	2.0	13.0
aged 50+	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	1.0	0.0	1.0	1.0
aged 40-50	0.0	0.0	0.0	1.0	0.0	1.0	1.0	0.0	1.0	2.0	0.0	2.0	5.0	0.0	5.0	7.0	0.0	7.0
aged 30-40	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.0	2.0	0.0	1.0	1.0	2.0	1.0	3.0
aged less than 30	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.0	2.0	0.0	2.0	2.0
<b>Managers and supervisors, including:</b>	0.0	0.0	0.0	6.0	7.0	13.0	6.0	7.0	13.0	117.0	28.0	145.0	41.0	18.0	59.0	158.0	46.0	204.0
aged 50+	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	9.0	3.0	12.0	2.0	0.0	2.0	11.0	3.0	14.0
aged 40-50	0.0	0.0	0.0	1.0	3.0	4.0	1.0	3.0	4.0	32.0	3.0	35.0	7.0	7.0	14.0	39.0	10.0	49.0
aged 30-40	0.0	0.0	0.0	5.0	4.0	9.0	5.0	4.0	9.0	45.0	11.0	56.0	20.0	11.0	31.0	65.0	22.0	87.0
aged less than 30	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	31.0	11.0	42.0	12.0	0.0	12.0	43.0	11.0	54.0
<b>Other employees, including:</b>	51.0	13.0	64.0	3,814.0	312.0	4,126.0	3,865.0	325.0	4,190.0	2,511.8	359.6	2,871.4	5,180.4	651.7	5,832.1	7,692.1	1,011.3	8,703.5
aged 50+	3.0	2.0	5.0	74.0	5.0	79.0	77.0	7.0	84.0	205.3	13.4	218.7	111.6	13.1	124.7	316.9	26.5	343.4
aged 40-50	5.0	2.0	7.0	384.0	17.0	401.0	389.0	19.0	408.0	409.3	32.5	441.8	531.5	55.0	586.5	940.7	87.5	1,028.2
aged 30-40	24.0	5.0	29.0	611.0	32.0	643.0	635.0	37.0	672.0	502.0	74.3	576.3	1,006.4	135.8	1,142.2	1,508.4	210.1	1,718.5
aged less than 30	19.0	4.0	23.0	2,745.0	258.0	3,003.0	2,764.0	262.0	3,026.0	1,395.2	239.5	1,634.7	3,530.9	447.8	3,978.7	4,926.1	687.3	5,613.4
<b>Staff of all levels</b>																		
aged 50+	3.0	2.0	5.0	74.0	5.0	79.0	77.0	7.0	84.0	214.3	16.4	230.7	113.6	14.1	127.7	327.9	30.5	358.4
aged 40-50	5.0	2.0	7.0	386.0	20.0	406.0	391.0	22.0	413.0	443.3	35.5	478.8	543.5	62.0	605.5	986.7	97.5	1,084.2
aged 30-40	24.0	5.0	29.0	616.0	36.0	652.0	640.0	41.0	681.0	549.0	85.3	634.3	1,026.4	147.8	1,174.2	1,575.4	233.1	1,808.5
aged less than 30	19.0	4.0	23.0	2,745.0	258.0	3,003.0	2,764.0	262.0	3,026.0	1,428.2	250.5	1,678.7	3,542.9	447.8	3,990.7	4,971.1	698.3	5,669.4
<b>Total for all levels</b>	<b>51.0</b>	<b>13.0</b>	<b>64.0</b>	<b>3,821.0</b>	<b>319.0</b>	<b>4,140.0</b>	<b>3,872.0</b>	<b>332.0</b>	<b>4,204.0</b>	<b>2,634.8</b>	<b>387.6</b>	<b>3,022.4</b>	<b>5,226.4</b>	<b>671.7</b>	<b>5,898.1</b>	<b>7,861.1</b>	<b>1,059.3</b>	<b>8,920.5</b>

Table Z1.5. Departures in the reporting period (FTEs, by age and gender)

FTEs	CCC S.A.									CCC Group								
	indefinite term			fixed term			total			indefinite term			fixed term			total		
	W	M	W+M	W	M	W+M	W	M	W+M	W	M	W+M	W	M	W+M	W	M	W+M
<b>Senior management, including:</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.0	11.0	17.0	0.0	0.0	0.0	6.0	11.0	17.0
aged 50+	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	4.0	5.0	0.0	0.0	0.0	1.0	4.0	5.0
aged 40-50	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.0	4.0	8.0	0.0	0.0	0.0	4.0	4.0	8.0
aged 30-40	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	3.0	4.0	0.0	0.0	0.0	1.0	3.0	4.0
aged less than 30	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Managers and supervisors, including:</b>	3.0	4.0	7.0	1.0	1.0	2.0	4.0	5.0	9.0	66.6	32.0	98.6	10.0	2.0	12.0	76.6	34.0	110.6
aged 50+	0.0	1.0	1.0	0.0	0.0	0.0	1.0	1.0	2.0	5.0	4.0	9.0	0.0	0.0	0.0	5.0	4.0	9.0
aged 40-50	2.0	3.0	5.0	0.0	1.0	1.0	2.0	4.0	6.0	15.6	8.0	23.6	0.0	1.0	1.0	15.6	9.0	24.6
aged 30-40	1.0	0.0	1.0	1.0	0.0	1.0	2.0	0.0	2.0	22.0	13.0	35.0	7.0	0.0	7.0	29.0	13.0	42.0
aged less than 30	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	24.0	7.0	31.0	3.0	1.0	4.0	27.0	8.0	35.0
<b>Other employees, including:</b>	22.0	3.0	25.0	3,636.0	317.0	3,953.0	3,658.0	320.0	3,978.0	2,152.9	304.1	2,457.0	4,278.7	540.2	4,818.8	6,431.6	844.3	7,275.8
aged 50+	0.0	0.0	0.0	74.0	1.0	75.0	74.0	1.0	75.0	225.1	19.0	244.1	93.0	2.0	95.0	318.1	21.0	339.1
aged 40-50	4.0	0.0	4.0	337.0	12.0	349.0	341.0	12.0	353.0	368.0	26.0	394.0	422.4	20.0	442.4	790.4	46.0	836.4
aged 30-40	6.0	3.0	9.0	665.0	44.0	709.0	671.0	47.0	718.0	439.4	86.0	525.4	840.7	101.0	941.7	1,280.1	187.0	1,467.0
aged less than 30	12.0	0.0	12.0	2,560.0	260.0	2,820.0	2,572.0	260.0	2,832.0	1,120.4	173.1	1,293.5	2,922.6	417.2	3,339.8	4,043.0	590.3	4,633.3
<b>Staff of all levels</b>																		
aged 50+	0.0	1.0	1.0	74.0	1.0	75.0	74.0	2.0	76.0	231.1	27.0	258.1	93.0	2.0	95.0	324.1	29.0	353.1
aged 40-50	6.0	3.0	9.0	337.0	13.0	350.0	343.0	16.0	359.0	387.6	38.0	425.6	422.4	21.0	443.4	810.0	59.0	869.0
aged 30-40	7.0	3.0	10.0	666.0	44.0	710.0	673.0	47.0	720.0	462.4	102.0	564.4	847.7	101.0	948.7	1,310.1	203.0	1,513.0
aged less than 30	12.0	0.0	12.0	2,560.0	260.0	2,820.0	2,572.0	260.0	2,832.0	1,144.4	180.1	1,324.5	2,925.6	418.2	3,343.8	4,070.0	598.3	4,668.3
<b>Total for all levels</b>	<b>25.0</b>	<b>7.0</b>	<b>32.0</b>	<b>3,637.0</b>	<b>318.0</b>	<b>3,955.0</b>	<b>3,662.0</b>	<b>325.0</b>	<b>3,987.0</b>	<b>2,225.5</b>	<b>347.1</b>	<b>2,572.6</b>	<b>4,288.7</b>	<b>542.2</b>	<b>4,830.8</b>	<b>6,514.2</b>	<b>889.3</b>	<b>7,403.4</b>

Table Z1.6. Number of persons working under civil-law contracts

	CCC S.A.									CCC Group								
	2018			2019			y/y change			2018			2019			y/y change		
	W	M	W+M	W	M	W+M	W	M	W+M	W	M	W+M	W	M	W+M	W	M	W+M
Number of persons working under civil-law contracts	5.0	5.0	10.0	5.0	5.0	10.0	0.0%	0.0%	0.0%	120.0	219.0	339.0	271.0	202.0	473.0	125.8%	-7.8%	39.5%

Table Z1.7. Number of persons working on an outsourcing basis

	CCC S.A.									CCC Group									
	2018			2019			y/y change			2018			2019			y/y change			
	W	M	W+M	W	M	W+M	W	M	W+M	W	M	W+M	W	M	W+M	W	M	W+M	
Number of persons working on an outsourcing basis	0.0	0.0	0.0	0.0	0.0	0.0	—	—	—	3.0	1.0	4.0	3.0	1.0	4.0	135.0*	0.0%	0.0%	3,275.0%

\* The figure includes the number of employees of one company, which is 131, without a breakdown by gender.

Table Z1.8. Number of disabled employees

	CCC S.A.									CCC Group								
	2018			2019			y/y change			2018			2019			y/y change		
	W	M	W+M	W	M	W+M	W	M	W+M	W	M	W+M	W	M	W+M	W	M	W+M
Number of disabled employees	371.0	10.0	381.0	401.0	23.0	424.0	8.1%	130.0%	11.3%	478.0	44.0	522.0	575.0	67.0	642.0	20.3%	52.3%	23.0%

## APPENDIX 2. DATA ON EMPLOYEE REMUNERATION

Remuneration data for the CCC Group does not include data for DeeZee, CCC Hungary, CCC Romania, and Vögele Shoes.

Table Z2.1 Average monthly gross pay

PLN	CCC S.A.						CCC Group					
	2018			2019			2018			2019		
	W	M	average									
Senior management	23,402	—	23,402	24,495	11,794	21,955	21,020	24,622	22,494	18,908	30,825	25,032
Managers and supervisors	8,481	10,636	9,666	9,728	11,367	10,558	6,895	11,116	8,265	5,883	11,506	7,259
Other employees	1,526	2,258	1,586	1,761	2,752	1,840	2,596	3,678	2,722	3,179	4,309	3,309
<b>All employees</b>	<b>1,597</b>	<b>2,897</b>	<b>1,711</b>	<b>1,826</b>	<b>3,367</b>	<b>1,957</b>	<b>2,746</b>	<b>4,546</b>	<b>2,969</b>	<b>3,334</b>	<b>5,533</b>	<b>3,605</b>

Table Z2.2. Ratio of the average remuneration of women to the average remuneration of men

	CCC S.A.						CCC Group					
	2018		2019		y/y change		2018		2019		y/y change	
	W	M	W	M	W	M	W	M	W	M	W	M
Senior management	—	—	207.7%	—	—	—	85.4%	61.3%	61.3%	—	—	-24.0 pp
Managers and supervisors	79.7%	85.6%	85.6%	5.8 pp	5.8 pp	—	62.0%	51.1%	51.1%	—	—	-10.9 pp
Other employees	67.6%	64.0%	64.0%	-3.6 pp	-3.6 pp	—	70.6%	73.8%	73.8%	—	—	3.2 pp
<b>All employees</b>	<b>55.1%</b>	<b>54.2%</b>	<b>54.2%</b>	<b>-0.9 pp</b>	<b>-0.9 pp</b>	<b>—</b>	<b>60.4%</b>	<b>60.3%</b>	<b>60.3%</b>	<b>—</b>	<b>—</b>	<b>-0.1 pp</b>

This non-financial statement of CCC S.A. and the CCC Group for 2019 was approved by the Management Board of CCC S.A.



**Marcin Czyczerski**  
President  
of the Management Board



**Mariusz Gnych**  
Vice President  
of the Management Board



**Karol Póttorak**  
Vice President  
of the Management Board

Polkowice, March 6th 2020

