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żabka

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żabka group

Responsibility
Report

2021

Conveniently
and Responsibly



**Jestem
eko** I KRĘCI MNIE
RECYKLING
Kupuję, zużywam,
segreguję

żabka

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café

Nano

zappka


Maczfit®

Dietly

żabka
jush!

delio

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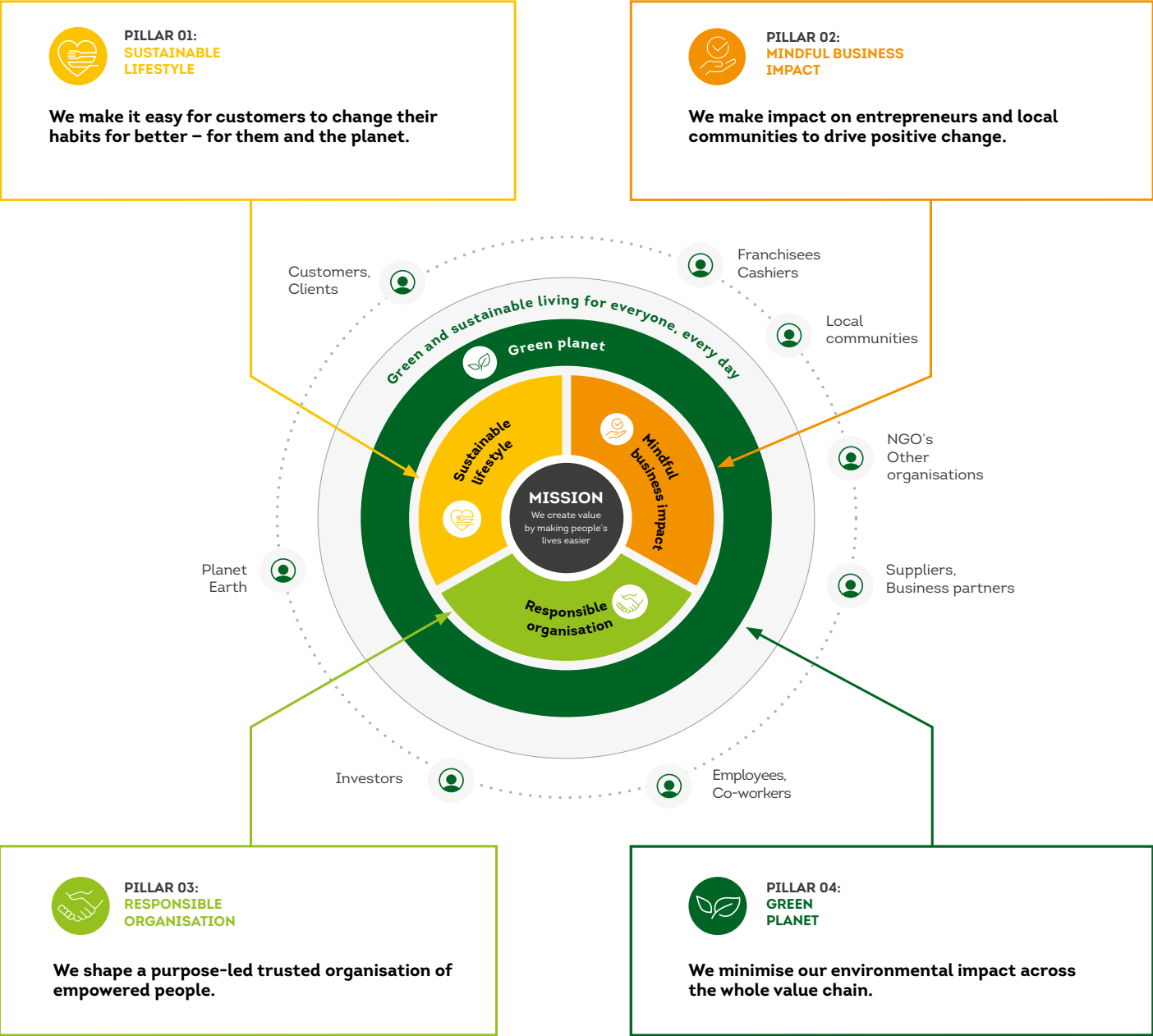
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Żabka Group's Responsibility Strategy for 2021-2025

We create value by making people's lives easier and by allowing them to free up their time, while promoting green and sustainable living for everyone, every day.



Interview with the CEO

The interview with Tomasz Suchański, CEO of the Żabka Group, which summarised activities undertaken as part of the Responsibility Strategy in 2021, was conducted by Paweł Oksanowicz.

PO: Let's summarise the implementation of the Żabka Group Responsibility Strategy for 2021. What developments have taken place within the Żabka Group?

TS: The second year of the pandemic has taught us to be flexible in managing our organisation, to use technology effectively and to account for various scenarios across projects. An important step for us was establishing Żabka Group, which has created a unique ecosystem of convenience solutions, making everyday life easier for customers. We have also adopted a new model of operating based on three elements: the transformation of the modern convenience format, digital transformation and integration of responsibility. The largest organisational unit within the Group is Żabka Polska, comprising over 8,300 stores operated by over 7,000 franchisees. To develop the group and better respond to the needs of customer groups, we have also created new business units, such as Żabka Future, which deals with finding and developing leadership businesses. The area of Strategic Leadership and Corporate Functions was also created, consisting of teams responsible for setting the Group on course for development and developing strategies for areas such as ESG, customers, people and finance. The new structure of the company has allowed us to open Żabka stores at a dynamic rate, with over 1,100 opening in 2021. Thanks to the Żabka



Future, we have expanded the Group by strong e-commerce platforms. Among them was the leader of dietary catering – Maczfit and the Dietly.pl marketplace. As part of the newly created start-up Lite e-commerce, we also launched q-commerce Żabka Jush! and Delio.

All these things were possible to achieve thanks to the Group's new development strategy.

PO: And all that is indeed noticeable in public spaces throughout Poland, where the Żabka chain is expanding. We now know the organisational structure, but I'm wondering – how does it impact the environment in which it operates?

TS: We have been working on this over the past few years. We have gone through three stages of transformations, starting from changing the format of our stores towards modern convenience, including comprehensive remodeling of stores as well as key changes in the product range. The second stage was digital transformation. For many retailers, technology stops at infrastructure. At the Żabka Group, we think differently. Technology paired with business drives the development of our organisation. A few years ago, we recognised digitalisation as a strategic direction of development. It is thanks to technology that we have created one of the most popular mobile applications in Poland, which has already over 8 million downloads. We have also opened more than 40 autonomous Żabka Nano stores and we are the largest chain of this type in Europe. The third stage of the transformation we are implementing is a

focus on our responsibility towards society and the natural environment. We have adopted a long-term Responsibility Strategy, which allowed us not only to respond appropriately to unexpected situations such as the pandemic and the war in Ukraine. We plan the development of our entire organisation responsibly and support sustainable customer choices, making them simple and obvious. Thanks to this, we will jointly make real changes affecting people and our planet.

PO: On the one hand, we have a convenience ecosystem, and on the other, responsibility – is the responsibility strategy related to the business strategy?

TS: The Responsibility Strategy is closely related to business activities. At Żabka Group, we believe that people's lives in the future depend on every small decision made here and now. Our approach to conducting business in a sustainable manner affects not only our organisation, but also the development of our business partners' activities, which is why we care about setting high standards in cooperation with them. Our strategy is supported by measurable goals that we implement step by step. We are decarbonising our business through many initiatives – replacement of equipment in stores or the purchase of energy from renewable sources. We strive to close the plastic cycle – we are already recovering and using all the plastic that we have introduced to the market under our own brand and materials in the store. Our logo is green, so we have an ambition and a realistic plan to follow our visual identification with specific actions.

PO: How do you discover customer expectations?

TS: Customers are at the centre of our attention and we hear out their needs and opinions. We use research and experience of market experts, but most importantly, we monitor trends and proactively propose solutions making customers' lives easier. This is how we changed our store formats, experienced a digital transformation,

and now we are focusing on our corporate responsibility. Customers around the world expect real changes from the business side towards sustainable development and they are ready to contribute.

PO: I can only congratulate you on your business success based on cooperation with franchisees.

TS: Just as we focus on customers make their lives easier, we also try to simplify business for our franchisees. I am proud to say that there are over 7,000 entrepreneurs running their own Żabka stores all over Poland. As the first in Poland, we offered our franchisees "Business Insurance" programme, limiting risk when running their business activity. The franchisees themselves participated in a working group dedicated to this solution – and this is our joint project with TUV PZUW.

We want to build long term relationships with the entrepreneurs we work with. This can't be done without trust.

PO: I would also like to ask - how does Żabka Group get involved in helping Ukraine?

TS: Together with our customers, franchisees and employees, we organised help immediately. We have provided flats to nearly 350 Ukrainians. We have delivered over 520 tonnes of food products to Ukraine. We organised 4 trains with humanitarian aid in cooperation with local government units, as well as with our owner – the CVC Capital Partners and Partners Group. We collaborated on a large scale with organisations such as the Polish Red Cross and Polish Humanitarian Action, with Ukrainian organisations such as the Polish Association of Ukrainians and the Polish-Ukrainian Chamber of Commerce, but also with many local foundations. We have enabled our customers

to get involved in helping by making non-cash donations in stores, as well as donating zapps - loyalty points in the Żabka application to charity donations. Hundreds of our franchisees have been involved in helping by providing refugees with food and hygiene products or organising transports from the border. Help was also provided by our employees, who not only welcomed refugees to their homes, but also participated in employee volunteering with great enthusiasm. Such volunteering can be carried out by every employee of our company and we allow them to give eight work hours per month to contribute to aid activities.

PO: We mentioned Żabka Group's Responsibility Strategy and the results achieved in this area in 2021. Is the summary available for the public?

TS: As it is the case each year, we have published a Responsibility Report that is available on our website. This is a unique publication showcasing engaged individuals and the effects of their work towards sustainable development. I believe the report will inspire a discussion among various groups of stakeholders. Sharing experiences, ideas and knowledge can bring a lot of good. This was the goal of the people who have worked on this report, for which I would like to thank and congratulate them.

PO: My guest was Tomasz Suchański, CEO of the Żabka Group. Thank you very much for the interview.

TS: Thank you.



Watch the full version of the interview

Leadership on the ESG Strategy

We promote creating value in the long term, in an economically, socially and environmentally sustainable manner. In order to meet these ambitions, we are implementing a comprehensive Responsibility Strategy that is fully integrated with our business strategy. Each member of the Management Board is responsible for overseeing specific areas defined in the strategy.



We fulfill our commitments and continue succeeding thanks to the involvement of talented and ambitious employees and co-workers

forming our team. Therefore, relying on the potential of the Żabka Academy, we offer a number of development

programmes and projects. In 2021, we implemented the Equity Policy defining our approach to strengthening diversity and building an inclusive organisational culture. It is just one of numerous activities allowing us to successfully complete the EQUAL-SALARY certification process that was commenced at the end of 2021. Thanks to such efforts, we support the achievement of one of our strategic

objectives, namely increasing the level of our employees' engagement. In the Gallup Institutes 2021 survey, we were ranked in the 66th percentile of the best employers. The survey includes all our employees and co-workers. 91% of our employees participated in the survey in 2021, which was one of the highest participation rates among employers relying on the survey.

Jolanta Bańcerowska

Member of the Management Board, Chief People Officer



We are consistently expanding the range of services that support a sustainable lifestyle, thanks to which our customers

meet their daily needs in a convenient and safe manner. The convenience strategy perfectly fits in with dietary catering services

– regular deliveries of healthy, balanced meals prepared by nutritional experts. Therefore, in 2021, we decided to include Maczfit and Dietly.pl in the structures of the Żabka Group, thus expanding and complementing the ecosystem of solutions that our customers may take advantage of at different moments of their everyday lives. Maczfit is

the leader of the dietary catering market in Poland, while the Dietly.pl online platform allows customers to easily compare, select and order catering services by any company in Poland. We have also launched Venture Studio platform tasked with identifying innovative solutions providing new perspectives for the Group's development.

Tomasz Blicharski

Executive Vice President of the Management Board, Managing Director of Żabka Future



We are building, with-
in the Żabka Group,
an ecosystem of con-
venient solutions that
support the every-
day lives of millions
of our customers.

We are implementing this mission in
a sustainable and responsible manner,
taking care of the people and our planet.
This is the path we intend to follow in
the long-term, in line with the Respon-
sibility Strategy we have adopted. Our
commitments in this area are closely

integrated with our business objectives.
We believe that major changes consist
of small decisions made on a daily basis.
Therefore, we are modifying the range
of products and supporting a change
in customer habits for better
– for them and the planet, and we
are strengthening customers' aware-
ness of their consumption's impact on
the planet. Environmental responsibil-
ity is a key element of all our strategic
activities, which is why we have set the goal
of reaching climate neutrality in our own
operations. We are the first company

in Poland and the first grocery store chain
in Central and Eastern Europe whose
decarbonisation objectives have been
scientifically verified and approved by
the Science Based Targets (SBTi) ini-
tiative. Such an approach proves that
the greenhouse gas emission targets
we have set and the commitments we have
made are feasible. In 2021, we reduced
the carbon footprint in own oper-
ations by 29%, while maintaining
the growth rate of our business.

Anna Grabowska

Executive Vice President of the Management Board, Chief Commercial Officer



We constantly strive
to be as close to the
customer as pos-
sible, to enhance
our relationships
with franchisees

and to support local communities.
In 2021, we opened 1,100 stores. Cur-
rently, our chain comprises over 8,300
stores. Our franchisees are offered a long-

term business risk mitigation programme.
They are also provided with tools support-
ing business operations and improving
their financial performance. The OptiPlan
programme we offer may serve as a good
example here. Its primary objective is to
optimise the activities performed while
managing the store on a daily basis.
The programme includes solutions related
to food safety management and store

logistics. We place a great emphasis on
building long-term relations that are based
on safety, partnership and motivation.
It is one of our strategic objectives to
increase the number of franchisees who
have been cooperating with Żabka for at
least 36 months. In 2021, this number
totalled 65.5% of franchisees, 1.5 pp higher
than the year before.

Adam Manikowski

Executive Vice President of the Management Board, Managing Director of Żabka Polska



We focus on transpar-
ency and credibility
in communication.
Therefore, one of our
strategic objectives
is to report external-
ly according to best

practices and with international standards
taken into consideration. We also subject
ourselves to regular external verification
– in 2021, our ESG activities were as-

sessed by EcoVadis, an international rating
agency, and we were awarded a platinum
medal – the highest distinction available.
This ranked us among 1% of compa-
nies globally that are most successful
in integrating ESG aspects into their
strategies and operations. An increas-
ing number of financial institutions con-
dition access to funding, and its cost,
on the results of sustainable growth activ-
ities undertaken. In order to demonstrate

our serious approach to the achieve-
ment of objectives, we have defined in the
Responsibility Strategy, we have signed
the first financial agreements with their
margin being dependent on ESG-related
performance. This is a source of additional
motivation, encouraging us to pursue our
commitments. We intend to continue
to look for this type of financing for the
expansion of our operations.

Marta Wrochna-Łastowska

Member of the Management Board, Chief Financial Officer



See full version
of statements

Executive summary

Sustainable lifestyle

Over 15 million people live less than 500 meters from a Zabka store, thanks to which customers can easily satisfy their hunger or thirst without a need to make purchases in advance or commute to stores located further away. 79% of Polish consumers would choose healthy over affordable products. As a convenience ecosystem that accompanies customers every moment of the day, we make it easy to make conscious food choices. We are improving

the composition of own brand products and introducing an intuitive nutritional value assessment system, Nutri-Score, making it easier for customers to properly balance their diet. We are expanding the offer of plant-based products, including through the Plant Hunter brand. As many as 91% of Poles believe that technology makes their everyday life easier, which is why, using the Żappka application, we are piloting Good Package – a solution offer-

ing a full-fledged product with a soon to expire date for half the price. More than 8 million Żappka downloads also mean access to convenient payment and postal services, as well as a personalised product offer and loyalty points exchanged for products or supporting charitable and aid initiatives, such as the Great Orchestra of Christmas Charity or support for Ukraine. All these activities have translated into a strong satisfaction (NPS) result of 50 points.

Mindful business impact

Our franchise-based business model makes it possible for over 7,000 entrepreneurs to develop their own businesses across Poland. Together, we have developed and implemented several dozen initiatives supporting franchisees, such as OptiPlan, a programme of solutions whose goal is to optimise everyday tasks related to managing a store, or Business Insurance Programme, partially mitigate the risk of running the business. We are actively seeking business partners whose innovative activities

will help develop the solutions offered through the convenience ecosystem. We have launched Venture Studio, whose goal is to search for innovative start-ups, including those that support the ESG Strategy. We use accelerator programmes such as MIT Enterprise Forum CEE to search for these start-ups. We have created a new framework for the field of social engagement and are defining three pillars which we want to influence through our new strategy: well-being, neighbourhood, and equal opportunities, while si-

multaneously supporting the realisation of five Sustainable Development Goals. Along with our business partners, we are developing relationships based on cooperation and trust. In 2021, thanks to the opinions of our suppliers, we received the Retailer of the Year award, and we achieved first place in the nationwide satisfaction study (NFS), which included over 400 suppliers and over 20 retail chains.

Responsible organisation

According to the Gallup Institute, we are among the top 34% of employers in the world with the most engaging organisational culture – 5 times better than the average Polish company participating in the Gallup survey. We build high employee commitment through an inclusive organisational culture. We have introduced an Equity Policy promoting diversity and we started the process of validating the level of remuneration broken down by gender as part of the EQUAL-SALARY certification.

Strengthening our corporate governance, we have implemented the Code of Conduct and Ethics for Employees and the Code of Conduct for Business Partners. We are working on a risk analysis in the supply chain and a business partner verification system. As many as 67% of investors consider non-financial data in their decision-making process, which is why we are publishing our fourth Responsibility Report on the implementation of the ESG Strategy. To increase its credibility in the eyes of stakeholders, the re-

port was externally assured by an independent auditor. We have also extended our disclosures by preparing a Climate Report, summarising activities related to decarbonisation, developed in accordance with the TCFD recommendation. We also continued the certification process with EcoVadis, where, after the implementation of the remediation plan, we obtained the highest platinum medal and found ourselves among 1% of companies in the world that best integrate ESG factors in their strategies and operations.

Green planet

Almost 3 million customers use the convenience ecosystem solutions daily, and over several hundred partners support the achievement of our business goals. The scale of our operations does affect the environment, but it also gives the opportunity to jointly combat climate change. We are the first retail chain in Central and Eastern Europe whose decarbonisation goals have been approved by SBTi. In order to achieve climate neutrali-

ty in our own operations, we are building a low-emission automated distribution centre and piloting an electric fleet. In the area of circularity, we have once again achieved plastic neutrality in our own operations. This goal was achieved in part by replacing plastic coffee cup lids and introducing FSC-certified paper bags. In addition, we have implemented measures to adapt our business model to the circular economy. For example, we systematically re-

cycle materials collected by franchisees and engage customers in the plastic collection process in stores and ECOMats. We use some of the collected plastics to produce own brand beverage bottles. In brands such as Foodini, Wycisk, OD NOWA and SI! shots, we only use 100% recycled bottles, so their carbon footprint is 33% lower.

Area	Strategic commitment	2021 result	2021 status
Legend: ○ expectations for 2021 not met ◐ expectations for 2021 partially met ● expectations for 2021 met			
1.1 Good nutrition	Doubling of sales of own brand products promoting a sustainable lifestyle by 2025	PLN 218 million +99 mln vs. 2020	●
	1.2 Food waste prevention	-25% reduction of food waste intensity in our own operations and in stores by 2025 1.7% +0.1pp vs. 2020	◐
	1.3 Services for sustainable lifestyle	Increase in customers' NPS score by 2 points by each year, until 2025 50 points +2 points vs. 2020	●
2.1 Fostering entrepreneurship	Increase in franchisees' NPS score by 15 points by 2025	-16 points vs. 2020	○
	Increase in the percentage of franchisees cooperating with Żabka for at least 36 months to 70% by 2023	66% +2pp vs. 2020	●
	2.2 Partnerships for positive change	The best partner supporting innovative and responsible solutions Cooperation with start-ups technological partnerships	●
	2.3 Communities activation	50,000 interactions for sustainable growth by 2025 37,592 +5,592 vs. 2020	●
3.1 Diversity and inclusion	Top 25% of the best employers according to the Gallup survey by 2025	34% +3pp vs. 2020	●
	Achieving the employees' NPS score of 65 points by 2025	59 points +1 point vs. 2020	●
3.2 Governance and responsible management	100% of employees trained on ethical principles by 2025	77% Code implemented	◐
	100% of business partners familiarised with the Code of Conduct by 2025	Code communicated	●
	ESG factors taken into consideration in all key decisions and investments by 2025	Work on solutions for the specific decision-making areas	◐
3.3 Transparency and validation	External reporting according to best practices and standards	ESG Report Climate Report	●
4.1 Decarbonisation	Achieving climate neutrality (scopes 1 and 2) by 2025	17,273 tCO ₂ e -29% vs. 2020	●
	-70% in store emissions intensity (tCO ₂ e/mPLN) by 2026	31.7 tCO ₂ e/mPLN -6% vs. 2020	●
4.2 Circularity	Plastic neutrality after 2025	100% for own brand and materials used in stores 19% total plastic weight introduced	●

Żabka Group in numbers

Over
8,300
stores

Nearly
PLN 12.4 bn
in sales revenue

PLN 5.3 bn
value added to the Polish economy

Almost
3 million
customers using Żabka Group services daily

Nearly
8 million
Żappka app downloads

More than
7,000
franchisees

More than
45,400
jobs maintained by Żabka Group and franchisees

1st place
in the suppliers' satisfaction survey

15%
employees hired in the field of modern technologies

Żabka in the
1%
of companies in the world efficiently integrating ESG according to EcoVadis

29%
reduction in CO₂e emissions generated in own operations

Recycled
100%
plastic in our own brand products and store materials



Ultimate convenience ecosystem

The Żabka Group is an ultimate convenience ecosystem aiming to make people's lives easier. We are one of the most widely recognised brands in Poland, with its services used by nearly 3 million customers each day.

About the Żabka Group

The Żabka Group is a unique ultimate convenience ecosystem, comprising solutions designed for customers valuing their time and comfort. We respond to their various needs, and our services are available both via physical and digital channels. We play across three megatrends – convenient solutions, digitalisation and responsible choices, always focusing our attention on the customer.

Our strategy aims at continuously improving solutions supporting a modern and sustainable lifestyle. It is also important for us to develop services responding to the needs of customers seeking to meet their needs at a single location, close to where they live or work ("Modern on-the-go convenience"), as well as online, with the use of mobile devices ("Modern anywhere convenience").

Thanks to its "Modern on-the-go convenience" strategy, Żabka runs more than 8,300 convenience stores, gastronomic points (Żabka Café), and facilities offering various services, such as postal or lottery (Convenient Services). Żabka stores offer a flexible range of products, a friendly layout, convenient locations and opening hours. The average visit to a Żabka store is 106 seconds and most stores are open seven days a week, usually from 6:00 am to 11:00 pm. The chain of physical stores run by our franchisees is complemented by autonomous Żabka Nano stores. Stores of this type may operate at locations where standard Żabka stores would not be able to function due to space restrictions or legal requirements, such as offices, fitness clubs or schools. Żabka Jush! is another element of the Group' structure and offers 15-minute deliveries of products via the app. Meanwhile, shopping ordered on Delio, Żabka Group's



online delicatessen stores, can be delivered even within an hour. Żabka Jush! offers a selected range of products that may be needed right away, while Delio's offer comprises a broader range of products, including fresh vegetables and fruits from local suppliers. Both concepts are being developed by Lite e-Commerce, an entity first established as a start-up.

We expanded our commercial portfolio by including the products of Maczfit - manufacturer and distributor of ready-made meals who is the leader of Poland's dietary catering market.

Maczfit offers restaurant quality, ready-made meals delivered daily to a specific address. It also designs dietary plans corresponding to the customers' specific health-related

and nutritional needs. Dietly is another entity belonging to the Żabka Group. It is an online marketplace allowing its users to compare and order dishes from over 50% of box diet suppliers operating in Poland.

The Żappka app is a solution supporting convenient use of the entire ecosystem. It may be used for generating a parcel collection code (Żappka Post), making contactless payments (Żappka Pay) or collecting loyalty programme points (Żapps) that may be exchanged for selected products or charity donations.

The entire convenience ecosystem is complemented by our own brand products that are unique ready-to-eat meals (e.g. Tomcio Paluch sandwiches) or ready-to-heat meals (e.g. Szammam). They are a good example of Żabka's philosophy of convenient solutions. These products are available both through our physical (Żabka and Żabka Nano) and digital (Żabka Jush!) channels.

Żabka Group's impact on the Polish economy

The Żabka Group - an entity that offers a comprehensive convenience ecosystem - has decided to estimate, for the first time, the impact that its activities exert on the Polish economy, in order to be able to assess its contribution to the socio-economic development of the country.

In order to carry out our business mission, we purchase goods (e.g. products sold in stores) and services (e.g. transport), thanks to which we can carry out our operational activities. By cooperating, within the value creation chain, with our business partners, i.e. franchisees being independent entrepreneurs operating in the commercial sector, and with suppliers manufacturing goods and providing services – we co-create the

positive outcomes for Poland's national and local economy. Activities of the Żabka Group drive the growth of other industries, and increased demand for the products and services we offer, generate added value in the economy and create or maintain jobs. Thanks to the wages paid, they increase the income of households and boost consumption by stimulating extra demand impulse.

Every single zloty of added value generated directly by the Żabka Group in 2021 creates an additional PLN 2.14 value in the economy, including through franchisees' activity.

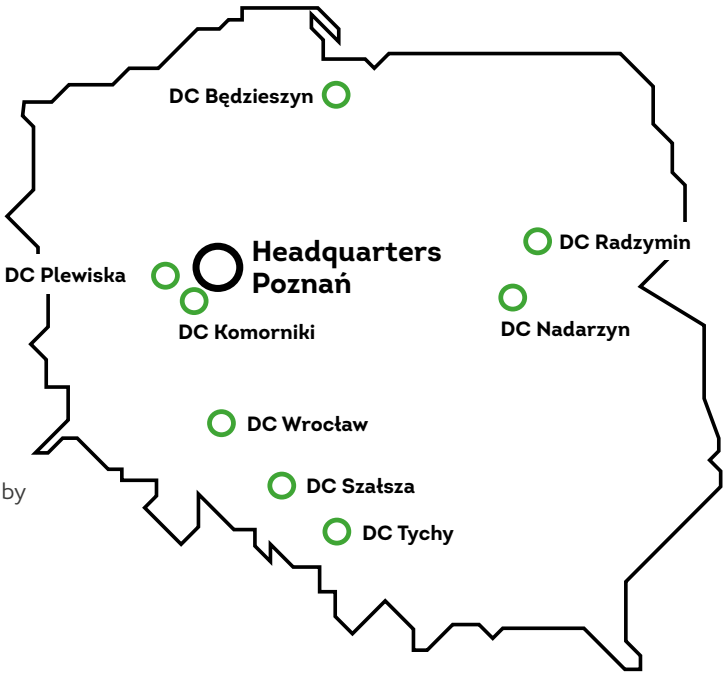
The Żabka Group ecosystem impacts the Polish economy in four different ways. All those effects combined are referred to as the total impact.



1. Direct
– resulting from our core operations.



3. Induced
– additional growth generated by increased household income.

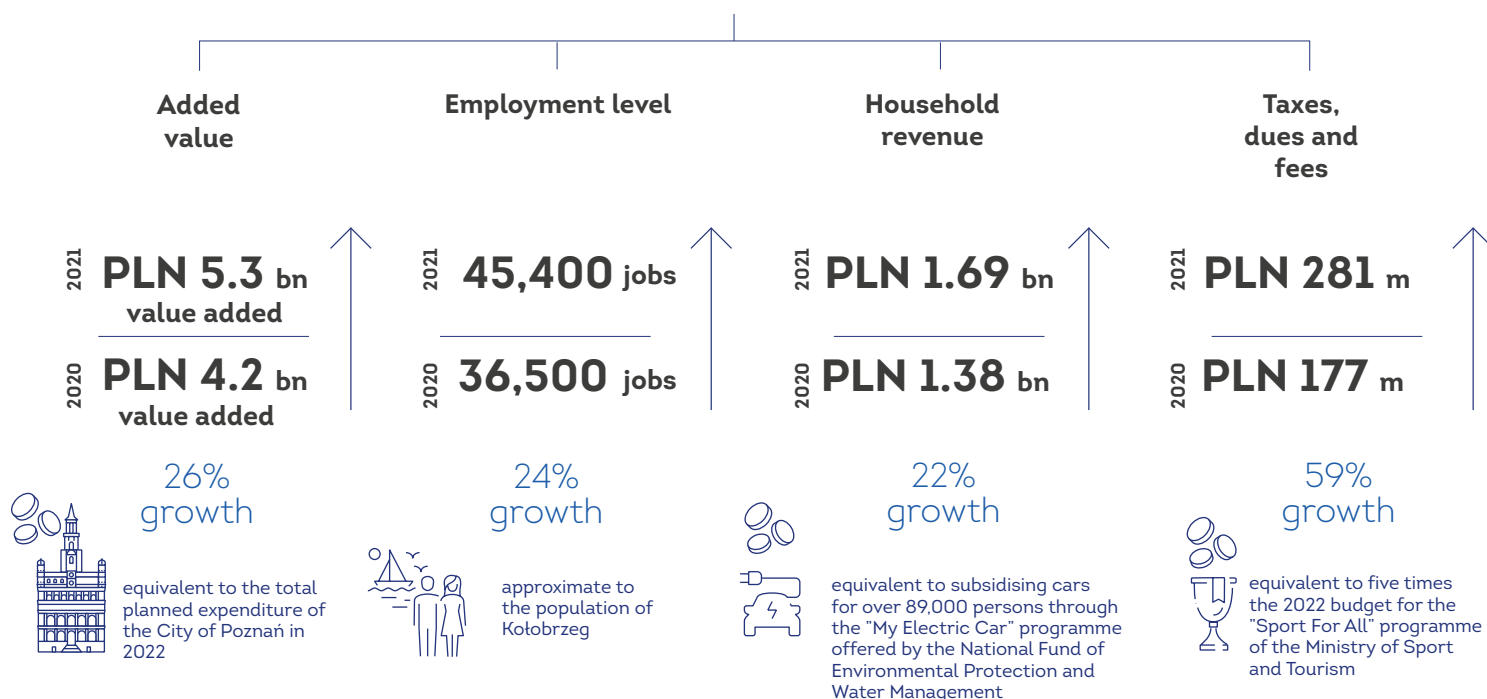


2. Indirect
– generated by suppliers and entities from cooperating industries.



4. Commercial
– resulting from the activity of franchisees operating in the commercial sector by selling goods and services to end customers, additional effects in the economy.

Socio-economic impact of the Żabka Group in 2020-2021



Added value

Added value is a category describing the contribution of a given sector of economy or a specific economic entity to the production of goods and the provision of services offered in a given country. In accounting terms, added value is the part of a company's global production or, at a more general level, of a sector of the economy, remaining after deduction of intermediate consumption, i.e. the value of goods and services used as inputs in the production process. The greater the share of added value in the final product, the higher the share of a given enterprise or a sector of economy in the gross domestic product (GDP). The sum of added value generated by all sectors of the economy, plus taxes on products, less product subsidies, is referred to as GDP. The total impact of the Żabka Group and its franchisees on the Polish economy amounted, in 2021, to PLN 5.3 billion (of added value) and was over 26% higher than in 2020, when it equalled nearly PLN 4.2 billion.



The figure is equal to an amount that would be sufficient for funding the construction of approx. 5,900 km of asphalt municipal roads. Every single zloty of added value generated directly by the Żabka Group in 2021 creates an additional PLN 2.14

value in the economy, including through franchisees' activity. The sectors most affected by the impact of our operations are transport and logistics, energy generation and supply, administration and support services, as well as industrial processing.

Impact on employment

The impact that the Żabka Group's ecosystem and the activities of our business partner exert on the country's labour market reaches way beyond the number of persons employed directly in operational departments, and the number of business partners cooperating with us. It is thanks to purchases from other industries and the links between those industries that we significantly influence the number of jobs maintained in the Polish economy. This impact is felt by the labour markets in all regions of the country and in all sectors of the Polish economy.

The total impact of the activities of the Żabka Group and its franchisees on the labour market could be quantified in 2021 as exceeding 45,400 jobs. The figure was 24% higher than in 2020, when our activity contributed to maintaining



36,500 jobs in the Polish economy. The number is approximately five times higher than the population of Sieraków (Greater Poland Voivodeship), where we opened our 8000th store, or is equal to the population of Radomsko, Krosno

or Kołobrzeg. The sectors of the economy in which we are maintaining jobs include transport and logistics, administration and support services, industrial processing, wholesale and retail trade, as well as energy generation and supply.

Wages paid

Wages paid are an important indicator of household wealth and serve as a means for ensuring livelihood of the society. Thanks to having our own employees, as well as by exerting an indirect impact on the condition of other entrepreneurs, including franchisees, suppliers and sub-suppliers, who also hire staff and pay their wages, we have a positive impact on generating additional remuneration in all branches of the Polish economy.

The total income of households generated in the entire Polish economy in 2021 thanks to the activities of the Żabka Group and its franchisees equals PLN 1.69 billion. The figure is nearly 22% higher than in 2020, when household income generated thanks to Żabka Group's operations amounted to PLN 1.38 billion gross. This amount would be sufficient to subsidise the purchase of electric vehicles for over 89,000 individuals under the "My Electric Car" programme



offered by the National Environmental Protection and Water Management Fund. Our activities have contributed the most to increasing household income of those working in such sectors as transport

and logistics, administration and support services, industrial processing, energy generation and supply, as well as those rendering professional, scientific and technical services.

Taxes, dues and fees

Our core activities, such as those entailing domestic purchases and cooperation with franchisees, allow us to generate positive stimuli in the Polish economy. We are contributing to generating billions of zlotys in added value, creating thousands of jobs and generating substantial income. Furthermore, thanks to our public levies, we strengthen Poland's central budget and local budgets. Żabka Polska sp. z o.o. paid over PLN 177 million in taxes, dues and fees in 2020 alone (CIT, VAT, real estate tax). 14% of this amount was contributed to the budgets of municipalities, poviats and voivodeships, and the remaining amount was paid to the central budget. In 2021, entities operating within the Żabka Group paid over PLN 281 million in taxes, dues and fees, 20% of which went to the



budgets of municipalities, poviats and voivodeships, and the remaining amount was transferred to the central budget. Last year's figure was 59% higher YoY.

The amount paid in 2021 could cover five "Sport for Everyone" programmes of the Ministry of Sport and Tourism organised in 2022.

Analytical methodology

Our total annual contribution to the Polish economy (for 2020 and 2021) was calculated using a method that focuses on the links between specific branches of the economy and companies operating on a given market. The analysis that our organisation performed for the very first time relied on a methodology based on the Leontief model (also known as the input-output model). The model, in turn, was prepared based on the most recent input-output tables expressed in current base prices for domestic production in Poland in 2015, identified by the Central Statistical Office (GUS) in 2019. The data was adjusted accordingly by the inflation rate. The impact of the Żabka Group's ecosystem on the Polish economy has been analysed with two specific aspects taken into consideration. The first of the is concerned with the impact of our purchases on the growth



of the individual branches of the economy in Poland, resulting from the operational activity of the Żabka Group (backward linkage), while the other is related to the activity of franchisees who, by selling goods and services to end customers, create additional economic effects (forward linkage). The analysis is purely of an illustrative

nature and the information contained therein may not be complete and cannot serve as a basis for any decision-making processes. Information from sources other than financial data of Żabka Polska sp. z o.o. (e.g. from public sources), has not been verified.

¹ GUS: <https://stat.gov.pl/obszary-tematyczne/rachunki-narodowe/roczne-rachunki-narodowe/bilans-przeplywow-miedzygaleziowych-w-biezacych-cenach-bazowych-w-2015-roku,7,3.html>

Business model

Our model is based on creating and developing various projects within the modern convenience ecosystem. We accompany consumers at every moment of the day, saving their time and giving them the opportunity to do convenient grocery shopping, have a hot meal on the go, send a parcel, withdraw cash or take advantage of dietary catering.

Żabka Polska is the Group's largest business unit. It manages Żabka's physical store locations and oversees the activities of teams tasked with operating the chain: from expansion, through adaptation, supply chain, all the way to product range and communications. It is managed by Adam Manikowski. **Żabka Future**, established in 2021, is another important unit as well. Its primary responsibility is searching and creating businesses and technology-based tools that aim to develop Żabka Group, as well as to supervise the Group's new entities (such as Maczfit, Dietly, Lite). This unit is headed by Tomasz Blicharski.



ŻABKA GROUP

Tomasz Suchański
CEO

BUSINESS UNITS		STRATEGIC LEADERSHIP			CORPORATE FUNCTIONS
ŻABKA POLSKA	ŻABKA FUTURE	CUSTOMER	FINANCE	PEOPLE	
Adam Manikowski Executive Vice President of the Management Board, Managing Director of Żabka Polska	Tomasz Blicharski Executive Vice President of the Management Board, Managing Director of Żabka Future	Anna Grabowska Executive Vice President of the Management Board, Chief Commercial Officer	Marta Wrochna-Łastowska Member of the Management Board, Chief Financial Officer	Jolanta Bańczerowska Member of the Management Board, Chief People Officer Business Services Centre	Legal and Compliance Department Corporate Affairs Department Value Creation Plan Officer

As part of our governance, we have identified **Strategic Leadership** team, which includes divisions responsible for the development of the Group. They are responsible for consumer strategies, human resources management, as well as organisational and finance divisions. Anna Grabowska leads the Consumer Strategies Team, Jolanta Bańcerowska leads the Personal Strategy Team,

while Marta Wrochna-Łastowska chairs the Financial Strategy Team. Overall supervision over the Responsibility strategy is the task of Anna Grabowska. Due to the fact that the ESG Strategy is integrated with the Group's business strategy, each member of the Management Board leads the implementation of ESG-related objectives in their specific area. In 2021, the Group was joined by brands

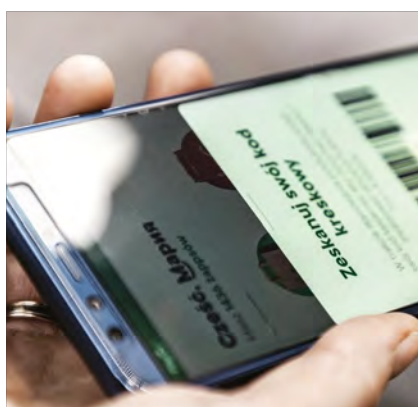
that play a key role in expanding the convenience ecosystem. These include: Maczfit – the leader of dietary catering in Poland, Dietly – an e-commerce platform allowing to compare, select and manage box diet orders, start-ups Żabka Jush! and Delio which are developing q-commerce and e-commerce services, and Żabka Nano, which focuses on the development of the autonomous stores format.

We are a leader in creating a convenience ecosystem thanks to the fundamental transformation that focused on three key areas:



Evolution of modern convenience format

To be closer to our customers, we are constantly expanding to new locations and developing the store formats to match new types of locations and ambitious expansion goals. We effectively respond to the needs of customers through an innovative product offering that is tailored to their needs and via attractive promotional campaigns. We rely on new channels for communicating with customers and continue to launch, convenient services. The Żabka brand is recognised by 95% of Poles.



Digital evolution

We create value by seeking, creating and developing innovative services, new sales channels and technological tools of the future. We improve our working tools, provide solutions that support store management processes, rely on technology for effective communication within the company and with customers, and implement artificial intelligence when making business decisions like pricing or store locations.



Transformation of responsibility

In 2021, Żabka adopted a comprehensive Responsibility Strategy (ESG). It is integrated with the Group's business strategy, defines its objectives and indicates the directions in which the Group intends to be heading. The Responsibility Strategy proves the company's commitment to creating conditions allowing green and sustainable living for everyone, every day and enabling our customers to make more responsible choices.

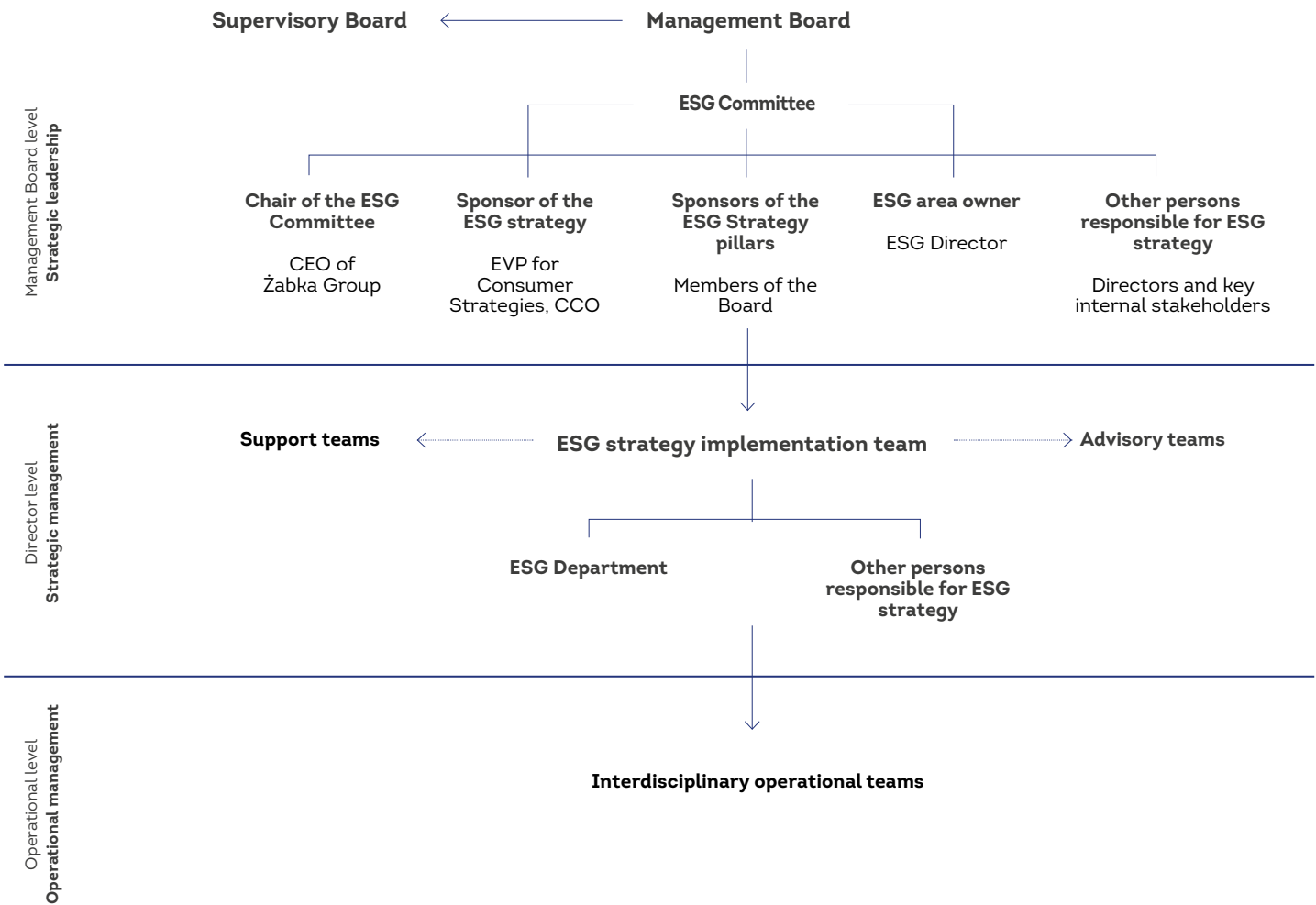
ESG Governance

Žabka Group is managed by experts in various fields and by highly experienced managers supported by the company's Supervisory Board. The area of responsibility and sustainable development is managed on three different levels: strategic leadership, strategic management and operational management.

Strategic leadership in the ESG area, including risk management and identification of opportunities, is a task of the Management Board. The Board is also in charge of strategic planning and supervising the implementation of the Group's business strategy. Objectives defined in the Responsibility Strategy are assigned to individual members

of the Management Board, cascaded down to the Group's structure and assessed during annual employee evaluation process. The ESG Committee, chaired by the CEO of the Žabka Group, is a body that supports the monitoring of the manner in which the strategy is implemented. All members of the Management Board, the ESG Director and,

where necessary, other internal stakeholders are present during ESG Committee meetings. Such meetings are intended to assess the degree of implementation of the Responsibility Strategy, and are a venue at which recommendations are made regarding future prospects which are then considered in the Board's key decisions.



Supervisory Board



Krzysztof Krawczyk
Chairman of the
Supervisory Board



Jean-Rémy Roussel
Member of the
Supervisory Board
experienced in risk
management, supervises
the implementation of the
Responsibility Strategy



Stephan Schäli
Member of the
Supervisory Board



István Szőke
Member of the
Supervisory Board



Jacques de Vacleroy
Member of the
Supervisory Board
experienced in the
retail sector

Management Board



Jolanta Bańcerowska
Member of the
Management Board,
Chief People Officer



Anna Grabowska
Executive Vice-President of
the Management Board,
Chief Commercial Officer



Marta Wrochna-Łastowska
Member of the
Management Board,
Chief Financial Officer



Tomasz Blicharski
Executive Vice President of
the Management Board,
Managing Director of
Żabka Future



Adam Manikowski
Executive Vice President of
the Management Board,
Managing Director of
Żabka Polska



Tomasz Suchański
CEO of the Żabka Group

Anna Grabowska, Executive Vice-President of the Management Board in charge of Consumer Strategies, has been managing, since January 2021, a team tasked with identifying the company's future growth plans. Its activities focus on building a strategic approach to relations with consumers, building strategies for the brand and for affiliated brands, as well as on direct supervision over the effective implementation of the Responsibility Strategy. The management of ESG-related risks is fully integrated within the corporate risk management system which is supervised by Marta Wrochna-Łastowska, Chief Financial Officer. The Supervisory Board consists of members selected by two investment funds being the main shareholders of the Żabka Group: CVC Capital Partners and Partners Group. Members of the Supervisory Board and the Management Team are appointed based on their skills and knowledge relevant to the organisation's impact on

the economy, environment and society. In 2021, the Supervisory Board adopted the Responsibility Strategy proposed by the Management Board, actively supervising its implementation. The supervisory process is supported by monthly summaries presenting the status of initiatives, by debates on the Group's sustainable development held at the Supervisory Board meetings, and by processes during which the ESG reports are reviewed and approved. The annual summary of the objectives defined in the Responsibility Strategy is an element of the performance assessment process of the Management Board in a given year performed by the Supervisory Board, and impacts the Team's remuneration. Six meetings of the Supervisory Board were held in 2021, with all members of the Supervisory Board being in attendance. Strategic management is a process that is coordinated at the Directors' level. In 2021, the position of an ESG Director

was created. The ESG director reports directly to the Executive Vice-President of the Management Board in charge of Consumer Strategies. The scope of the Director's responsibility includes ongoing control and supervision over the implementation of strategic objectives defined in the Responsibility Strategy. The Director also manages the work of the ESG Department which oversees the operational activities of the individual departments. A number of employees representing specific areas are involved in operational activities related to the implementation of the Responsibility Strategy. ESG objectives have been integrated into the employee performance assessment, which is linked with a variable compensation scheme. In 2021, a quarterly system for monitoring, validating and reporting ESG-related matters was established, serving as a basis for taking decisions regarding the development of the Responsibility Strategy.

Risk management

Considering best practices in risk management, in 2021 we implemented an ERM (Enterprise Risk Management) model covering the full spectrum of risk management tasks as well as defining risk management methods and processes in place in the organisation. The model considers the impact of a given risk on the implementation of the strategy, accounts for financial and non-financial results and introduces specific risk measurement tools. It is integrated into the strategy, the planning process and the business objectives and reflects the organisation's current governance needs and its specific cultural factors.



See our Climate Report

The risk management system we have implemented covers all activities undertaken by the Management Board, the Supervisory Board and employees and leading to a planned response to specific risks. All business units involved have increased their awareness of the risks that the organisation is exposed to and have received tools to identify activities that decrease both the probability and the impact of adverse events. In 2021, a Risk and Compliance Committee was established, which includes Members of the Board and representatives of top management. The committee meets at least once per quarter, with important issues in the areas of risk, internal audit and compliance discussed.

In managing risks related to ESG, we rely on the same procedures that are applied in relation to other key risk factors in all areas of our business. Our climate risk assessment methodology focuses

on a slightly longer term that is consistent with recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). It takes into account the specificity of the phenomenon, reaching far beyond the time frames adopted in strategic planning and used in the ERM risk management model. The climate risks defined are described in the Climate Report, which is available on Żabka Group's website.

When identifying and analysing ESG-related risks, we are aware that meeting all regulatory requirements, as well as implementing an ambitious ESG Strategy are challenges that generate risks in themselves. The risk factors we take into consideration in the risk management process include, among other things, the lack of ready-to-use solutions that would meet the needs of the Żabka Group's ecosystem and would comply with the scale of its business activity, their inadequate cost,

lack of appropriate involvement of various stakeholders, increased energy costs, as well as changes in customer behaviors. We distinguish two main types of risks related to our business activity – strategic risks and area-specific risks. With regard to the risks assessed by the area owners and the Management Board as most relevant, action plans aiming to mitigate those risks are prepared. Owners from relevant business units are assigned to each such activity. The activities are assessed and verified on a regular basis by the risk owner, with the support of the Risk Manager.

The table presents a list of selected key risks that may significantly affect our results and growth potential. It presents a description of those risks, of their potential impact and the actions (risk response and prevention measures) assigned thereto.



The objective of the Żabka Group's risk management system is to effectively control, monitor and mitigate risks by undertaking reasonable measures. In order to take account ESG-related issues while making business decisions, it is of particular importance to analyse environmental, social and corporate governance risks affecting both our operations and the entire supply chain.



Agata Dopieralska
Director of the Risk & Internal Audit Department

Key risk	Description	Impact	Actions
Strategy and planning			
External regulations	Risk of unfavorable external regulations being introduced (e.g. regulations concerning trading on Sundays, introduction of new taxes, climate regulations).	New unfavorable regulations may result in the inability to achieve the intended business objectives.	<ul style="list-style-type: none"> • Active monitoring of external regulations. • Establishing internal working groups to assess and counteract the effects of adverse developments.
Development of new business activities	Risk of failure of new business projects, e.g. q-commerce, as a result of competitors' activities, market activities, or adoption of incorrect project assumptions.	Risk of failure to achieve the business objectives assumed for the new project.	<ul style="list-style-type: none"> • A value creation plan is established for each new business concept, start-up or acquired company, which is then monitored, and remediation actions are taken in the event of any deviations.
Limited number of candidates for franchisees	Risk of a limited number of new candidates for franchisees.	Materialisation of this risk may result in a slower expansion rate.	<ul style="list-style-type: none"> • Preparation and implementation of a comprehensive external communication strategy to inform potential interested parties of the franchise scheme as a means of conducting business activity. • Coverage of basic costs of running the business as part of cooperation scheme with franchisees.
Change in customer habits and competitive environment	Risk of long-term changes in customer behaviors and/or significant changes in the competitive and macroeconomic environment.	Materialisation of this risk may necessitate adjustments to the business model which, in consequence, may result in failure to achieve the projected financial results.	<ul style="list-style-type: none"> • Monitoring trends, changes in customer behavior, conducting advanced analytical surveys. • Monitoring activities of competitors and the image of Žabka Group entities.
Operations and infrastructure			
Data security	Risk of breach in data security in informational systems.	Materialisation of this risk may result in significant financial and reputational consequences.	<ul style="list-style-type: none"> • Implementation of Information Security Management System ISO27001. • Development and implementation of appropriate procedures and instructions in the area of IT supplier management and purchasing of IT goods and services. • Implementation of IT tools supporting the management and safety of data. • Regular trainings for employees and franchisees.
Development and maintenance of managerial competence and hindered talent acquisition	Risk of losing highly qualified managerial staff and other personnel with unique experience. Risk of unavailability of candidates with the required skills.	Materialisation of this risk may cause difficulties, including delays in the achievement of the projected business objectives.	<ul style="list-style-type: none"> • Identification of managers playing a key role in the growth of the organisation. • Mapping managerial competences as well as drawing up and implementing growth and succession plans. • Defining values that are the organisation's advantage in acquiring candidates for work, and then drawing up and implementing a relevant strategy for Žabka as an employer.

Looking into the future

In the recent years, we have been facing external challenges of existential nature. It all started with COVID, a threat that was initially associated with a high degree of uncertainty, creating a number of question marks concerning our future, health and life. Then, hostilities taking place in Ukraine significantly impacted our sense of freedom and security and become a catalyst for change.

Trends related to the digitalisation of nearly all areas of our life suddenly picked up in pace. Remote learning, remote medical consultations, remote work, online shopping, digital documents and certificates available even at state administration level – technology has become a commonplace tool making our everyday life and work easier.

On the other hand, the level of our health-related awareness also increased. We see that regardless of all the achievements of contemporary medicine, our physical shape and immunity are the factors that matter the most. The vision of health as a long-term investment that pays dividends in the future has gained in popularity. We started to look for higher quality foodstuffs and more diversified diets that are based on fresh and locally sourced products. We suddenly felt the need to better control what we are eating on a daily basis and how active physically we are. We also started to place a greater emphasis to our wellbeing and to our mental health.

The third major change that occurred more gradually concerned our system of values, outlook on life and redefinition of our approach to life. We discovered that mental health is as important as the physical condition of our bodies. We realised the importance of family life and life priorities. Some of us have redefined our professional lives, resulting in changes on the labour market.



We now expect employers both to provide us with opportunities to develop and an adequate package of employee benefits. We also expect them to offer the feeling of security and to create a safe and open working environment.

We have understood the relationship between our everyday decisions and the future of our world. By trying to slow down climate change, we are fighting for the quality of life – for ourselves and for our children. We are also fighting for the survival of ecosystems in which and thanks to which we exist. The struggle to ensure that the conditions prevailing on our planet

are optimised for sustaining life requires that we transform our private lives and the manner in which our societies, cities, states or companies operate. Partner-like relations and cooperation allow us to effectively promote sustainable social, economic and environmental growth.

We entered 2022 with all that in mind. However, Russia's invasion of Ukraine has once again triggered our primeval fears, determining our values and behaviors. This is why we ask: what's next? Many changes are already apparent, and their scale and significance will probably only increase.

Unfavorable economic indicators, including increased inflation, rising energy prices, disrupted supply chains and shortages of raw materials required for food production result in greater financial uncertainty for Poles, increased awareness of prices, as well as in refraining from spending. Consumers declare that they will be saving, in the first place, on food-related pleasure categories. They will be looking for ready-to-use dietary solutions, not only for convenience, but also due to their cost being lower when compared to preparing traditional meals at home. The role of reducing food waste will be growing, not only for ethical and environmental, but also for economic reasons.

Changes in the demographic structure of our society will increase its cultural diversity. In addition to migrants from Ukraine, people living in other regions, potentially also from the sanctioned countries, such as Russia and Belarus, will be arriving in Poland. On the other hand, those feeling worried about war and suffering from deteriorating economic conditions will be leaving Poland. Changes of this nature will enrich us culturally and will probably rejuvenate our society whose demographic structures is one of the worst in all of Europe. The growing divisions in our society is the largest challenge we face. Not only state institutions and non-governmental organisations, but also the business sector, including large corporations responsible for creating a healthy and inclusive working environment are the ones that play an important role in the process of integrating the society.

Environmental pollution will become a problem requiring twice as much effort as before. The war in Ukraine is a source of significant water, air and soil pollution that will definitely exert an impact on our health and on the environment.



Faster energy transition will increase the pace of the process of abandoning fossil fuels and will be one of the advantageous consequences of Russia's economic isolation. Financial support programmes stimulating the growth of wind and solar energy industries will continue to be offered to private households and businesses. The war and the sanctions imposed on Russia will boost public readiness to bear some of the costs of such a transformation. They will also increase the role and attractiveness of those entities that will be the first to switch to renewable energy.

Increased awareness of the importance of mental health among all age groups will stimulate the sector of products and services promoting a sustainable lifestyle, and will contribute to changes in our working culture and environment.

The existential tests we have been subjected to in recent years as humans and as a society do not necessarily result in the introduction of new trends. Instead, they reinforce the existing ones, especially those related to being responsible for ourselves and for our environment, cooperating and building communities, being open to change and being capable of adapting to new living conditions. As an aware organisation, we will be striving to take the changing environment into account in our strategic and operational decisions.



Jan Kisielewski
Head of Foresight



PILLAR **01** Sustainable lifestyle

We make it easy for customers to change their habits for better – for them and the planet.



1.1 Good nutrition

	2021 result	2021 status
Double the sales of own brand products promoting a sustainable lifestyle by 2025	218 m +99 mln vs. 2020	●
10% reduction of salt content by 2023	0.7g/100g -0.3g vs. 2020	●
10% reduction of sugar content by 2023	7.4g/100g +1.4g vs. 2020	○
Increase the share own brand products without preservatives to 75% by 2023	73.7% +4.7pp vs. 2020	●
Increase the share own brand plant-based products to 20% by 2023	26.3% +10.3pp vs. 2020	●
Increase the share of own brand products promoting a sustainable lifestyle to 35% by 2023	32.9% +3.2pp vs. 2020	●
100% of own brand ready-to-eat or ready-to-heat products with Nutri-Score by 2023	16.3% +16.3pp vs. 2020	●
50% of own brand ready-to-eat or ready-to-heat products with Nutri-Score A or B by 2023	11.6% +11.6pp vs. 2020	●

All good nutrition-related indicators meet our expectations, except for the increase in sugar content per 100 grams of products. This is due to the introduction of products in the Haps line, i.e. dried fruit in chocolate, which significantly impacts the value of this indicator. These products will be subjected to further analysis under our recipe reformulation programme. We have also started the process of introducing the Nutri-Score labelling system that will be used on our own brand ready-to-eat or ready-to-heat products. By the end of 2021, we had labelled over 16% of our products. Almost 12% of the labelled products have a Nutri-Score of A or B.

1.2 Food waste prevention

	2021 result	2021 status
-25% food waste intensity in own operations and in stores by 2025	1.7% +0.1pp vs. 2020	①
50% of unsold food in internal operations redistributed by 2025	32% -1pp vs. 2020	①

We notice the rising challenge of food waste that is impacted by the rapid growth of our chain. We have started working on a long-term strategy for optimising losses in our own operations. In 2021, we piloted the "Good Package" programme, a solution based on the Żappka app offering products with a soon-to-expire date for half the price.

1.3 Services for a sustainable lifestyle

	2021 result	2021 status
Increase in customers' NPS score by 2 points each year until 2025	50 pts +2pts vs. 2020	●
Increase in the number of app users	8 m +4.2 m vs. 2020	●
5 new services supporting sustainable lifestyle introduced each year until 2023	9 +4 vs. 2020	●

Our activities expanding the range of convenience solutions offered have brought the expected results: positive shopping experience, a rich product offering tailored to our customers' needs, modern sales and communication channels, as well as our strategic approach to sustainable development have contributed to an increase in customer satisfaction level that has grown by two points compared to 2020.

Legend: ○ expectations for 2021 not met ① expectations for 2021 partially met ● expectations for 2021 met

1.1 Good nutrition

Why is this important?

Nutrition experts underline that each product has its own place in our diet. It is up to the consumer to choose the right products and to decide how often and in what amounts they will be consumed. It is therefore important to have the knowledge on the nutrients required in an optimised diet, and to supply the market with products enabling consumers make more conscious choices benefiting themselves and the planet.¹ Nutrition solutions offered by the Żabka Group support these choices. We respond to alarming statistics concern-

ing overweight and obesity that affect 69% of men and 57% of women in Poland.² Globally, this problem is on the agenda of the United Nations (UN) that point out, in their Sustainable Development Goals (SDG), the need to change nutritional habits, and lifestyles and consumption behaviors in general, to ensure that they become more sustainable. Our solutions-orient-ed ecosystem also fits into the need for access to relevant solutions, including high-quality products, as declared by 77% of Poles.

Our contribution

We want good nutrition not to be associated with shopping that becomes a difficult, knowledge-demanding and time-consuming experience. We also do not want it to be associated with effort-intensive meal preparation. We react to the needs of customers who are willing to live healthily, comfortably and pleasantly, enjoying their everyday lives and spare time.

żabka

Over 8,300 stores throughout Poland, offering good quality products allowing consumers to compose all meals required during the day, as well as selling on-the-go snacks.

Nano

Europe's largest chain of over 40 autonomous stores, open 24/7, allowing customers to make quick purchases without waiting in line – they simply take the products from the shelf and pay for them automatically.



Leader of the dietary catering market in Poland – door-to-door delivery of daily, balanced meals with their calorific value and ingredients adapted to the individual needs of each customer.

Dietly

Online platform allowing to select the best suited diet meeting the desired nutritional objectives and adapted to body parameters and level of physical activity pursued.



At the Żabka Group, we have created an ecosystem of solutions ensuring easy access to good quality products helping to maintain a healthy and balanced diet.

żabka jush!

A q-commerce app offering a 15-minute time of delivery to the customer's home or office at selected locations in Poland; the offer includes Żabka's own brand and Maczfit products.

delio

Online shopping service offering same-day delivery, often within one hour. Customers may choose from five thousand products, and the range is continuously expanded.

The ecosystem in practice

Dietary catering services, regular deliveries of balanced meals prepared by nutritional experts, are a perfect match for our approach focused on good nutrition. In 2021, we decided to acquire the leading brand operating on the "box diet" market. Maczfit has become part of the Żabka Group, therefore expanding and complementing the ecosystem of solutions that customers can take advantage of at different moments of their daily lives.

Maczfit is the leader among Polish brands offering dietary catering services. Established in 2015, the company provides balanced meals with their calorific value and selection of ingredients adapted to the needs of individual customers. Its services are rendered in over 1,500 towns throughout Poland. Its offer includes diets adapted to various nutritional needs – for vegans and vegetarians, diabetic people, pregnant women, Hashimoto patients or those suffering from thyroid disorders. Maczfit offers thirteen ready-made diets adapted to various nutritional needs, composed by dietary experts and guaranteeing gourmet quality and flavor. Those valuing the freedom of choice are given the option to compose their own daily menus relying on the selection of twenty-five different meals. Customers may also order additional items, such as beverages or peanut butter.

One-off deliveries to the customers' loved ones are possible as well. The entire process of selecting and ordering meals is simple and transparent. Orders may be placed via a website or a dedicated app that doubles as a handy, personal nutrition assistant. All meals offered by Maczfit are labelled with information on their calorific value and meals served as part of ready-

made diets include information about macro-ingredients. Such a solution makes it easier for customer to maintain their body weight and supports their weight reduction attempts. Maczfit also offers a loyalty programme – customers collect Maczcoins, awarded for posting product reviews, that may be exchanged for meals. In 2021, the average meal score was 4.46/5.



What have we done so far?

We offer high-quality dietary solutions, simultaneously limiting the content of those ingredients that may adversely impact our health. We consistently implement the reformulation strategy of modifying the recipes of the own brand products we offer – we reduce salt and sugar content, expand the range of plant-based products, reduce the content of preservatives, glucose and fructose syrups or artificial flavors.

While implementing our strategy, we rely on the expert support of the Institute for Health Promotion and Dietary Therapies. In order to ensure that the change in the product composition does not adversely affect their flavor, we regularly organise workshops for our supplier and hold consultations with our food production and dietary experts. Products whose recipes have been reformulated are evaluated

during expert and consumer panels. Apart from modifying ingredients, we constantly expand the range of solutions. In 2021, we introduced products such as fermented vegetable juices and BIO kombucha offered under the Dobra Karma brand. Our customers appreciate our own brand products – in 2021, we sold PLN 218 million in products promoting a sustainable lifestyle.

1 <https://ncez.pzh.gov.pl/informe-dla-producentow/zywnosc-zrodlem-skladnikow-odzywczych-a-koniecznosc-reformulacji-2/>

2 Assumptions and guidelines for reformulating the recipes of selected groups and/or food products were based on an analysis of the ingredients and nutritional value of Żabka Polska Sp. z o.o. products, National Institute of Public Health, Warsaw 2020.

Selected activities performed in 2021

Revamped version of Szamamm

In 2021, we embarked on a process of changing the ingredients of Szamamm – one of our most popular own brand ranges. Acting in line with our strategic commitments related to good nutrition, we have reduced, by 5%, salt and sugar content the spaghetti Bolognese meal that is highly popular among our customers. We have also reduced, by 5%, salt content in chicken penne. Those recipe reformulations were preceded by positive laboratory tests and tasting trials. We are currently working



on reformulating the recipes of other Szamamm line products – 13 additional products have already successfully completed flavor trials conducted by experts and consumers. Their introduction to our offer is conditioned on a positive result of laboratory tests,

the last stage of the comprehensive recipe reformulation process. The Szamamm brand was the first own brand range with a Nutri-Score label. In 2021, more than 60% meals were labelled with Nutri-Score of A or B.

We have eliminated palm oil

We want our customers' nutritional choices not only to be good from the health point of view, but also favorable for the planet. That is why we have completely eliminated palm oil from our own brand products. As far as branded products offered by our suppliers are concerned, acting in accordance with the Sustainable Palm Oil Policy, all other products offered in Żabka stores will be allowed to contain only palm oil from certified sources by the end of 2022. The Polish Coalition for Sustainable Palm Oil has decided the RSPO is the best certification scheme currently existing on the market – it guarantees sustainability of crops and an adequate level of protection of the environment, animals, humans and their traditions.



By the end of 2021, 87.6% of products other than own brand products sold in Żabka stores and containing palm oil, met the requirements of the policy we had adopted.





Nutri-Score labelling system

Nutri-Score is a color-coded food labelling system using scores of A to E. The score awarded depends on how balanced the content of healthy ingredients (fiber, proteins, vegetables, fruit, nuts) and substances whose use should be limited (energy value, sugars, saturated fats, sodium originating from salt). Products with the A score should be consumed more frequently, while the intake of those labelled with the E score should be reduced. The main objective of the Nutri-Score sys-



tem is to enable customers to enjoy better balanced diets. Studies show that 90% of consumers understand the Nutri-Score system and 91% consider it helpful in making their purchases. Therefore, we strive to label all own brand ready-to-eat or ready-

to-heat products with a Nutri-Score value. In 2021, almost 16% of our own brand products had a Nutri-Score label on their packaging, and almost 12% had a score of A or B. Producer brands labelled with Nutri-Score are also sold in Żabka stores.

Plant Hunter – a 100% plant-based brand

In April 2021, we launched our first 100% plant-based own brand range known as Plant Hunter, actively pursuing our strategic commitment to increase the sales of plant-based products. Customers enjoy a choice of snacks, salads, lunch dishes, ready meals and sweets. In the lunch dishes, meat has been replaced by a GMO-free soy-based product. The recipes of Plant Hunter meals have been developed by professional chefs. The products contain no sweeteners, hardened fats and preservatives. Plant Hunter dishes are suitable for consumption as is, or, in the case of ready meals, after being heated in a microwave.



They are a perfect fit with the modern convenience format, offering our customers a fully balanced, plant-based meal that may be enjoyed without long waiting times.

The launch of the Plant Hunter brand has won us the second award in the 2021 Plant-Based Game Changer contest organised by RoślinnieJemy.org.

¹ Source: Online survey (CAWI) using the Kantar panel, conducted for Danone, Nutri-Score, Warsaw; 23.07.2020. Result based on a group of 135 users of dairy products aged 18-65, after explaining the method of interpreting Nutri-Score results

1.2 Food waste prevention

Why is this important?

Food waste prevention is one of the 17 UN Sustainable Development Goals. According to UN's agenda, the amount of food wasted shall be reduced by half by 2030 (compared to 2014). However, prospects for preventing food waste are not too optimistic. Experts estimate that the probability of achieving this objective is lower than 25%.¹ They also stress that joint efforts are needed throughout the entire

food-related value chain (i.e. at production, distribution and sales stages, as well as from consumers) in order to increase the chances of achieving satisfactory results.² At the Żabka Group, we are well aware of the scale of this challenge and are actively seeking solutions that will enable us to reduce food waste, both in our own operations and at franchisees, but also at the households of our customers and among our suppliers.

Our contribution

The convenience ecosystem created by the Żabka Group supports customers' use of solutions that contribute to minimising food losses.

Combating food waste is one of the strategic commitments of the Żabka Group and a key issue for our stakeholders – over 80% of franchisees, employees and customers have identified it as the most important area of responsibility of our organisation. Nearly 90% of the items available at Żabka are intended for immediate consumption, meaning they conveniently satisfy our nutrition-related needs – hunger or thirst – and eliminate the need of stocking up on foodstuffs.



Solutions offered as part of the convenience ecosystem eliminate the need for stocking food, consequently translating into lower amounts of wasted food.

żabka

More than 15 million people live or work less than 500 meters away from a Żabka store. This allows us to support them in purchasing only as much food as they need at a given moment.



A balanced box diet delivered, on a daily basis, to homes and offices throughout Poland allows consumers to accurately plan the amount of food needed for the entire day and avoid the risk of generating waste.

żabka
jush! delio

The rapid delivery of a wide variety of products to our customers' homes supports the process of planning only those purchases that are needed right away.

1 https://bankizywnosci.pl/wp-content/uploads/2021/07/Raport_BadaniaDelfickie_PROM.pdf
2 <https://odpowiedzialnybiznes.pl/artykuly/przeciwdzialanie-marnowaniu-zywnosci-to-wspolna-odpowiedzialnosc/>

The ecosystem in practice

A full-value product for half the price

In December 2021, we launched a pilot of the Good Package programme in 55 stores in Poznań. Using the Żappka app, our customers may order Good Package, i.e. a selection of full value products with a short shelf life, for half of the price. Three types of packages are available: vegetarian, vegan, and for people without any special nutritional needs. Products sold as part of the Good Package scheme include lunch dishes, sandwiches and other snacks. Once ordered, products are packed in a paper bag and the customer has two hours from the moment the order was placed with the app to collect the package from the store. During the pilot phase of the programme, we are collecting opinions of our customers and franchisees on an ongoing basis and introduce the improvements they suggest in order to offer an even better response to the challenges related to preventing food waste. In order to

minimise food waste in our stores, we introduced GS1 codes and a shelf life management system by Quick Meal Solutions (QMS), allowing us to better control of the amount of food wasted within our chain. Thanks to the GS1 system, franchisees are able to analyse store stocks in real time. This means they know when the shelf life of our own brand products are about to expire and may lower the price of these products

in a timely manner or may change the location at which they are displayed. This solution is also favorable for consumers, as they are able to buy products at a lower price. Customers may also be certain that the goods purchased are of full value, as the system prevents selling goods whose shelf life has expired. We are also freeing special shelves in stores that are used only for displaying items whose shelf life is about to expire.



What have we done so far?

As a dynamically growing chain with an annual growth rate of more than one thousand new stores, we face the challenge of halting the negative effects of economies of scale. As far as product life cycle management is concerned, we see that such a rate of growth directly translates into an increase in absolute amounts of food wasted. We are working on a systemic solution which will allow us to achieve the

goals defined in the Responsibility Strategy, while also accounting for the assumed rate of growth of our organisation over the coming years. At the same time, we are analysing information from the entire value chain and undertake measures to minimise the causes of waste at each stage of the process – from supply planning, through storage, to distribution. We try to reduce food waste at Żabka stores by

running pilot programmes with our franchisees, allowing them to minimise their losses while boosting the profitability of their businesses. We also duly manage the food that has not been sold to customers – we strengthen our cooperation with charity organisations specialising in finding good use for unsold foodstuffs.

Selected activities performed in 2021

We minimise food waste

At our distribution centres, we are progressively introducing solutions that improve the efficiency of supply management processes, increase the flexibility of product shipments to franchisees and, consequently, contribute to optimising the number of products offered in the stores. Goods are delivered to each store based on an individual analysis supported by artificial intelligence algorithms. Owing to analytical models based on sales data and knowledge about local residents, potential competitors and characteristic features, we are capable of selecting types and amounts of products offered in a manner that prevents food from being



wasted. Additionally, we rely on over 250 thousand special planograms that support the process of displaying products in the store - they optimise our offering, taking into account the number and width of shelves, but also sales performance of a specific store. Bearing in mind the growing

challenges stemming from the dynamic expansion of our chain, we have started working on a comprehensive action plan covering all aspects of our value chain. The first pilot programmes will be launched in the second half of 2022.

We provide food to those in need

Close cooperation with social welfare organisations finding good use for unsold foodstuffs by effectively distributing them to locations where they are actually needed is one of the methods we rely on to manage the scale of food waste. Products with a short shelf-life date are transferred to, among other places, Caritas, the Federation of Polish Food Banks and the Kamilińska Social Assistance Mission. Foodstuffs provided to branches of non-governmental organisations are later shipped to local communities via various institutions, such as canteens, social and therapeutic daycare centres and homeless shelters. Żabka products are used there for preparing hot meals. The food is donated directly to individuals and families in the form of packages. We cooperate with our social partners



in order to increase the efficiency of distribution of food products to people in need of such a form of support. In 2021, we donated almost 630 tonnes

of food to non-profit organisations – 15% more than the year before.

1.3 Services for sustainable lifestyle

Why is this important?

The amount of and the quality of free time are becoming increasingly important for all of us. As our country develops economically and socially, Poles declare that they are faced with a lack of time daily or almost daily. This phenomenon is particularly prominent among those active professionally.¹ Every third person has, on weekdays, as little as one hour of free time per day.² This is why it is so important to respond comprehensively to the needs of consumers

and to create solutions that make it easier for them to fulfill their everyday obligations, as this means that they are also able to spend their free time while pursuing other activities. Transformation of the modern convenience model and creation of an ecosystem of solutions operating under the umbrella of the Żabka Group allows us to free up our customers' time, enabling them to live sustainable lifestyles.

Our contribution

By offering an entire ecosystem of solutions, we accompany consumers at all times during their day. Our solutions promote a sustainable lifestyle and help free up time, thus making the world a more comfortable place to live in.

żabka Nano

Over 8,300 of our stores that are open during convenient hours offer quick shopping opportunities and free up customers' time. Autonomous Żabka Nano stores are the locations at which customers may shop regardless of the time of day. Information about the latest products and promotions may be found in our Żappka app which has already been downloaded over 8 million times.

Maczfit Dietly

A convenient choice of balanced box diets modified to meet individual nutritional needs, a wide range of additional products supporting a sustainable lifestyle and a dietary expert consultation service are just some of our proposals for those who are always on the run, yet willing to make sure that their lives are comfortable and healthy at the same time.



We bring physical and digital worlds together, thus making the lives of our customers easier and freeing up their time.

żabka jush! delio

Ability to shop without leaving the comfort of your home is an offer for those looking valuing convenience and having limited amounts of free time. Quick shopping for Żabka Jush or Delio products address any sudden cravings we may have, and allow customers to purchase of products needed during the week.

¹ https://www.cbos.pl/SPISKOM.POL/2010/K_133_10.PDF

² <https://kobieta.onet.pl/dom/30-proc-polakow-posiada-mniej-niz-godzine-czasu-wolnego-dziennie-jakie-obowiazki/j54pex2>

The ecosystem in practice

We offer more sustainable and conscious choices to ease our customers changing their habits for better. Dietly.pl – an online platform that has been part of the Żabka Group since 2021 – helps match the offering of over 425 dietary catering brands operating in Poland with the expectations of customers willing to change their eating habits.



Dietly.pl is an online platform focusing on dietary catering companies operating in Poland. It allows customers to easily compare, select and order catering products from any company in Poland. Based on the nutritional preferences, lifestyle information and body measurements of its users, Dietly.pl helps them adjust their order to their specific needs. The ability to add comments makes it easier for other users to choose the right products, and specific meals or orders may be assessed using a loyalty programme. The points collected may be exchanged for discounts and used for the next order.

The Dietly.pl platform offers also opportunities to cooperate with businesses: dietary catering companies with new ideas for nutritional programmes looking to

present their offering to specific platform users. The software-as-a-service (SaaS) solution makes it possible to reach new customer groups for free, effectively manage the meal evaluation process and settle order payments. Dietly.pl has an average of 350,000 unique users per month and 2.8 million

permanent, registered users. Thanks to the creation of its convenience ecosystem, the Żabka Group has become a national leader in dietary catering, one of the fastest growing segments of the Polish retail market – both in terms of its offering and the e-commerce tools on which it relies.



What have we done so far?

We consistently expand the convenience ecosystem to include services that allow our customers to improve their habits and to ensure that they may enjoy more time by meeting their everyday needs in a convenient and safe manner. Additional convenience features are introduced both in our brick-and-mortar Żabka stores and virtually by expanding the functionality of our apps. We are expanding the convenience ecosystem and show that a comfortable life may be led by everyone and every day. The services improving the comfort

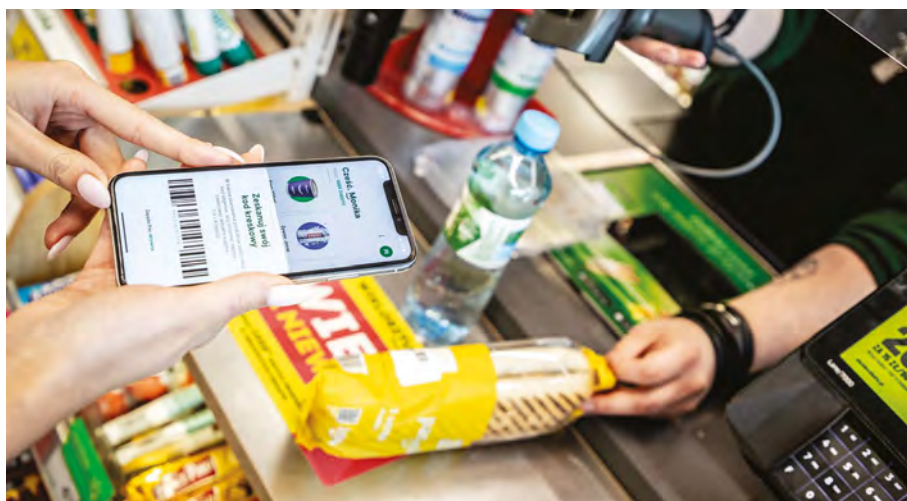
of our customers we introduced in 2021 include, inter alia, the paysafecash secure payment mechanism, HomeDoctor vouchers for remote consultations with a doctor of a selected specialty field, top-ups for city cards issued in Łódź and subscription payments performed in cooperation with Orange. We are constantly expanding the catalogue of services available in our Żappka app that has already been downloaded by over eight million users in Poland. In 2021, the app was used to manage the "Collect the parcel at Żabka" programme or the "Good Package" func-

tionality – a pilot programme preventing food waste, introduced jointly with our franchisees. Positive shopping experience, a rich product offering that is tailored to our customers' needs, modern sales and communication channels, as well as strategic approach to sustainable development – all activities we undertook last year have translated into increased customer satisfaction levels. NPS survey has shown that it equals 50 points and complies with the target assumed for 2021.

Selected activities performed in 2021

One app, numerous benefits

Each Żappka user receives a personalised offer prepared based on their own shopping history. They are also given the opportunity to collect żapps – points that can be exchanged for selected products, including of the own brand variety, promoting a sustainable lifestyle. Żappka offers also the Żappka Post functionality allowing to monitor the status of and to easily collect any parcels. The process of sending a parcel is simple and convenient. The customer orders the service online, and no labels are required to be printed out. All they have to do is to label the parcel by hand, with the



appropriate number generated online, and deliver it to a store of their choice. In 2021, through the app, we conducted the pilot phase of the "Good Package" programme that supports the prevention of food waste in our stores. As far as social engagement is concerned, customers could also use the app to support the initiatives of our

choosing. Additionally, the app allows customers shopping at Żabka Nano stores to make purchases in the simplest possible way – by taking products from shelves, without the need to scan and pay at the cash desk. The technology used in the store recognises Żappka users and automatically processes the payment.

Żabka without waiting in line

In 2021, we introduced cash registers which, depending on the mode they are operating in, are capable of playing different roles. These are ordinary cash desks operated daily by store employees. However, after the register's screen and scanner are turned to face the customer, the devices switches into self-service mode, allowing customers to scan products, read the Żappka code and pay by card. The fact that the cash register may be operated by customers shortens the service time and is a quicker and more convenient form of shopping. It also supports the work of franchisees and their employees who are able to handle more customers more quickly, especially during peak hours. It is also an option for customers who prefer to make purchases without contacting the store's staff. Self-service cash registers have become very popular among



customers, in particular those who come to the store to pick up a few things only. In the satisfaction survey, users of such self-service cash registers express their satisfaction with the ease and intuitive character of the solution – the NPS survey

score for this form of shopping equalled 74 points. The result serves as a basis for future activities promoting this type of service among our customers. In 2021, approximately 10% of them took advantage of our self-service cash registers.



PILLAR 02 Mindful business impact

We make impact on entrepreneurs and local communities to drive positive change.



WE SUPPORT

GC 1, 2, 3, 4, 5

2.1 Fostering entrepreneurship	2021 result	2021 status	Continuing COVID-19 restrictions, strict regulations related to the Sunday shopping ban and rising employment costs have all significantly affected the structure of our franchisees and their satisfaction level. In response to these challenges, we have proposed a new financial and non-financial cooperation scheme, with long-term cooperation and competence-raising programmes being an important element thereof. Based on Q1 2022 results, we notice that the number of franchisees leaving the chain on their own initiative has fallen to 7%, with a rise in the NPS score by 3 points.
Increase in franchisees' NPS score by 15 points by 2025	-16 pts vs. 2020	○	
Increase in the percentage share of franchisees cooperating with Żabka for at least 36 months to 70% by 2023	66% +2pp vs. 2020	●	
Reduce voluntary churn rate to no more than 5%	+10.5% +1.8pp vs. 2020	○	
Implementation of programmes expanding entrepreneurial knowledge and skills	Launch of the Entrepreneurship+ programme, continuation of the Safe Internship programme, in cooperation with Fundacja Samodzielni Robinsonowie	①	
Maintaining the share of 70% of business partners who developed their first business with Żabka until 2023	68.9% -2.6pp vs. 2020	①	By continuing the partnerships established in recent years, we are actively seeking and establishing cooperation with entities that contribute to the expansion of the range of convenience ecosystem solutions offered. We remain in dialogue with our business partners, join forces while working on dedicated solutions and support start-ups by offering accelerator programmes overseen both by the Żabka Group and by other institutions.
2.2 Partnerships for positive change	2021 result	2021 status	
The best partner supporting innovative and responsible solutions	Cooperation with start-ups as part of the Venture Studio, continuation of technological partnerships	●	
1 place in the suppliers' NFS survey	1 st place	●	
Participation in partnerships and investments for positive change	Dedicated dialogue sessions with business partners, one-on-one meetings with selected partners, continuation of existing partnerships	●	
Support platform for entities creating innovative solutions	Creation of the Venture Studio platform and initiation of the first accelerator paths	①	
2.3 Communities activation	2021 result	2021 status	In 2021, we analysed our up-to-date social engagement efforts, defined key areas of our influence and identified key social programme that will enable us to achieve our objectives. We intend to involve franchisees in the efforts we pursue due to knowledge of the specific local communities. Employee volunteer programmes will be one of the tools used to implement the strategy - in 2021, employees were able to volunteer on their own initiative, but no records of these activities were kept.
50,000 interactions for sustainable growth by 2025	37,592 +5,592 vs. 2020	●	
Increase in the number of customers perceiving Żabka as a valuable member of the local community to 50%	40% -1pp vs. 2020	①	
1,000 hours on volunteering by 2023	no data available	○	
We will increase the engagement of franchisees in local community-oriented initiatives	Continuation of the Safe Internship programme, supporting specific groups in their fight against the COVID-19 pandemic	①	

Legend: ○ expectations for 2021 not met ① expectations for 2021 partially met ● expectations for 2021 met

2.1 Fostering entrepreneurship

Why is this important?

Small and medium-sized enterprises form the foundation of the Polish economy and generate almost half of Poland's Gross Domestic Product (GDP).¹ Companies from this sector are active primarily in service and trade sectors, creating jobs directly and indirectly, along the entire value chain. Six out of ten Poles believe that running their own business is a good way of making a career and that people who succeeded in setting up a company deserve recognition.²

In the Żabka Group, we have created an ecosystem of solutions that supports entrepreneurs – both those who open their first business in cooperation with Żabka (nearly 70% of all new franchisees opening their stores) and those who have many years of professional experience and are looking for new opportunities to foster their own growth.

Our commercial activities are conducted in cooperation with a dedicated network of franchisees. We are trying to make their work easier by developing digital tools and by optimising processes associated with running the store.

Our contribution

We are one of the largest franchisers in Poland and we make a significant contribution to the development of micro and small businesses. We act in accordance with clearly defined rules, offering a chance to succeed in business to thousands of our partners. In 2021, we cooperated with nearly 7,000 franchisees running their own companies. Those franchisees who, for the purposes of cooperation with us, set up their first company, are provided with the necessary knowledge and assistance. They are also offered comprehensive support in continuing their activities. The opportunity may be taken advantage of by those having trade experience, as well as by new entrepreneurs. Żabka stores operate both in small towns and in large cities. Upon commencing cooperation, franchisees are able to take advantage of numerous training and development programmes to boost their



entrepreneurship skills. They also receive continuous support from our field personnel serving as the first line of contact with Żabka. Being a franchisee-oriented organisation, we focus on continuously increasing

the quality of our franchise. We pursue this goal in cooperation with the Board of Franchisees – an advisory and opinion-making body made up of 14 franchisees appointed in free elections.

What have we done so far?

Continuing COVID-19 restrictions, stricter regulations preventing stores from being open on Sundays and rising employment costs have all significantly affected the structure of our franchisees and the level of their satisfaction. In response to these challenges, we have prepared a comprehensive system for supporting franchisees under the Żabka brand. Our franchisees may take advantage of a long-term business risk mitigation programme. They are also provided with tools supporting business operations and allowing them to improve their financial performance. Our system of cooperation with franchisees

is based on three components – security, motivation and partnership. Each of those components may be broken down further into simple elements that ensure financial security, serve as a source of motivation and rewards long-term cooperation. We build long-term relations and increase the percentage of franchisees who have been cooperating with Żabka for at least three years. It equalled 66% in 2021 and was 2pp higher than the year before. We also maintain a stable share of franchisees who set up their first business in cooperation with Żabka. This means we are able to effectively establish and maintain cooperation with a dynamically

growing group of entrepreneurs operating together with our company. We provide them with valuable support at the initial phase and minimise the costs of joining our chain. Considering the scale of our activities and the related opportunities, we actively shape standards binding on the franchise market in Poland. We are a co-author and one of the first signatories of the Code of Good Practices for the Franchise Market adopted in 2021. It identifies a number of good practices, principles and standards, and it may be acceded to by any franchise chain or organisation associating entrepreneurs under the franchise model.



I had never worked at a Żabka store before, but I noticed how smoothly it was dealing with the pandemic, yet growing at a rapid pace. I was persuaded to try the franchise model by a friend who had started to cooperate with Żabka earlier. His success and the support offered by the chain were the remaining factors that encouraged me to take this decision and give it a go as a franchisee. The low contribution of the franchisee required while commencing operations was also a factor. I was ultimately convinced I had made a good choice by the internal training programme held by Żabka, especially since it was organised in a perfect manner and allowed me to expand my knowledge. I was convinced that running a Żabka store was a secure way of doing business that has already been verified in practice by thousands of other entrepreneurs.

Klaudia Laskowska
7,000th franchisee from Warsaw

I decided to continue my family tradition. Żabka has been present in my life since I can remember, as both my parents run their stores under the chain's brand, which gave me some practical knowledge about entering into a franchise agreement with Żabka. I am proud to be operating the chain's 8000th store in Poland. My store is unique thanks to the availability of a number of smart tools, as well as bike stands and a bike repair station.

Julita Szulczyk
Franchisee operating 8,000th Żabka store



1 <https://ncez.pzh.gov.pl/informe-dla-producentow/zywnosc-zrodlem-skladnikow-odzywczych-a-koniecznosc-reformulacji-2/>

2 Assumptions and guidelines for reformulating the recipes of selected groups and/or food products were based on an analysis of the ingredients and nutritional value of Żabka Polska Sp. z o.o. products, National Institute of Public Health, Warsaw 2020.

Selected activities performed in 2021

Reducing business risk

Running a business involves a series of inherent risks, also those of a financial nature. In the interest of our franchisees we are the first franchise network in Poland to prepare a new product, "Business Insurance Programme," in cooperation with Towarzystwo Ubezpieczeń Wzajemnych Polski Zakład Ubezpieczeń Wzajemnych (TUW PZUW). "Business Insurance Programme" is the first product on the Polish insurance market that increases the security of running a business through the compensation of a portion of the potential debt. The monthly cost of the policy and the sum insured depend, among other things, on the number of stores



operated by the franchisee. Attractive insurance premiums are guaranteed not only by the scale of Żabka's operations, but also by the fact that financial support is provided to cover the expenses of the policy at the initial stage of its term. Work on the terms of the policy was performed

with the participation of a wide range of franchisees, and the solution itself is intended for all of them, regardless of their history of cooperation with the chain, or of their financial standing. By the end of 2021, all franchisees enjoyed protection offered under this risk-mitigating instrument.

Stimulating the entrepreneurial spirit

In 2021, we launched a new campaign known as "To żabkość na rynku" (a play of words in Polish incorporating the word "Żabka" to convey the message "It's a rare thing on the market" – translator) targeted at potential entrepreneurs who do not have a specific business plan or the funds required to start a business. In 2021, our campaign focused on informing about the financial conditions of operating one's own Żabka store: an upfront payment of PLN 5,000, PLN 16,000 in basic revenue per month, a fully equipped and stocked store for starter, and emphasised how efficient the process of establishing your own company is. We want to offer greater support and to foster local entrepreneurship all over Poland, which is why we

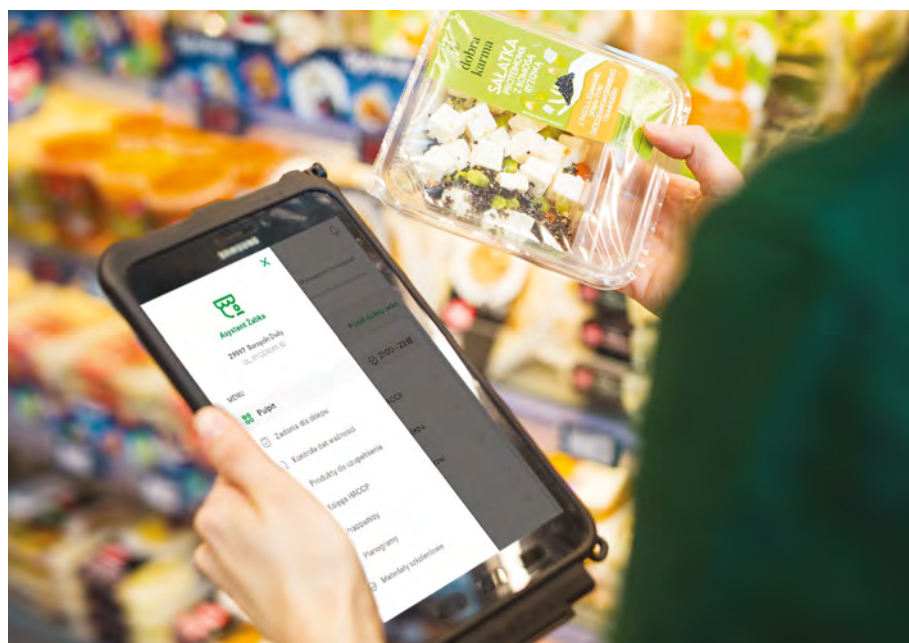


asked franchisees cooperating with us to participate in the campaign. This attractive offer stands out from the proposals of other chains on the market, as confirmed by the franchisees' willingness to contribute

to the campaign and share their own experiences. In our communications, we also emphasise the support tools and mechanisms which franchisees take their first steps in the world of business.

Optimising the work of our franchisees

We provide our franchisees with a set of tools helping them run their stores in an effective manner. OptiPlan is a set of initiatives and solutions aimed at optimising the activities performed in the day-to-day management of the store. The proposed, tested solutions will support some aspects related to the store's work. The said set comprises solutions related to food safety management and store logistics. It also includes the following: Zabka Assistant (an app allowing each franchisee to conveniently check and plan the scope of works for the coming days),



and planograms available in the Zabka Manager app. We support franchisees in their daily operations, thus allowing them to find the time to care for their store,

to expand their knowledge and to stimulate the engagement of their employees.

Assistance in hiring staff

The range of systemic solutions supporting franchisees is supplemented by flexible forms of assistance in emergency and unforeseen situations. Although the franchisees, being private entrepreneurs, are responsible for all personnel-related issues at their stores, they may count on significant support offered by the "Here and now" programme enabling every franchisee to take advantage of the services of a temporary worker. As in any other business, emergency situations take place in commerce too. They affect the number of staff reporting to work or require that additional help be provided during the peak season. If any of the employees calls out sick, or if additional support is needed during the holiday season, it is often the case



that help for the store's team must be found very quickly. The programme allows those running Zabka stores to pay only for the time during which the temporary employee is completing the tasks ordered. In practice, this means that franchisees are able to conveniently plan labour costs

and the division of tasks in the store, regardless of unforeseen situations and unplanned emergencies. Depending on the actual needs of the store, temporary workers may be providing assistance over a period of several hours, days or months.

2.2 Partnerships for positive change

Why is this important?

The United Nations stresses that the effective implementation of the 2030 Agenda for Sustainable Development (2030 Agenda) requires a disruptive approach to partnership between governments, the private sector and NGOs. Partnership-based activities, conducted at global, national and local level, should rely on commonly shared values and principles, as well as on a coherent vision and clearly defined objectives. Therefore,

by building an environment conducive to innovation and exchange of experience, as well as acting together with scientific institutions, business incubators and our business partners, Żabka Group is creating solutions that support the convenience ecosystem and provide an opportunity to develop and create added value for the environment.

The Żabka Group uses state-of-the-art technologies in all areas of its operation. It creates solutions that provide customers with a unique and highly personalised purchasing experience.

Our contribution

Żabka Group comprises organisational units that play a significant role in the areas defined in the 2030 Agenda. We want our organisation to be the first choice for various business partners. Our aim is to build partnerships for positive change and to support innovation. Therefore, we are actively looking for partners offering solutions to support the transformation of convenience ecosystems, also in terms of sustainable development. We combine the competence, resources and potential of the Żabka Group with the knowledge and skills of external organisations and institutions in order to develop, test, implement and scale up products and services supporting the lives of our customers. By doing so, we increase the number of recipients of our activities and stakeholders who actively benefit from their results. We also invite our suppliers to join our efforts – as a chain of over 8,300 stores,



we reach nearly three million customers every day. This scale means that we are an important trading partner for them. We also cooperate, inter alia, with universities, drawing inspiration from their students' creativity and sharing our know-how. We are continuing our commitment

to the work of industry organisations that serve as a platform for the exchange of knowledge and experience. We are also working with UN Global Compact to promote sustainable development practices.

What have we done so far?

We have launched a special platform, Venture Studio, whose task is to search for and attract modern solutions offering the entire Żabka Group new development prospects. A dedicated team is closely following the market and analysing business solutions offered by Polish and foreign start-ups operating in such areas as automation of retail processes, stores of the future or sustainable development. In 2021, over 350 start-ups signed up for accelerator programmes that are run or supported by Żabka. We have selected the most promising ones and are continuing

our cooperation with them. Cooperation with AiFi, a US-based start-up, has resulted in opening Europe's largest chain of autonomous Żabka Nano stores. We support not only rising companies, but are also cooperating, as partners, with those entities already enjoying a well-established business position. Using the Advanced Customer Insight Tool (ACIT), we continued to cooperate with business partners who value high quality of information about consumer choices and appreciate guidelines on how to optimise the range of products carried. Thanks to

the fact that data on sales, promotions and consumer behaviors is updated on an ongoing basis, the tool guarantees the highest quality of cooperation. Expansion of the range of convenience ecosystem solutions, as well as the implementation of the Responsibility Strategy has affected our presence and activity among industry and non-governmental organisations – we joined the Polish Plastic Pact and we have also become signatories of the Diversity Charter.



Goodvalley is a company that controls the entire process of product creation – from the fields through the supply chain. As a company in the meat industry, it also boldly speaks of flexitarianism, encouraging the consumption of less, but better quality meat, both for the good of health and the environment. This is an example of a company focusing 100% on sustainable agriculture and climate-friendly practices that translate into product quality. Working with Żabka, we share ideas and inspire each other. As part of the “farm to fork” system, we guarantee full control over the final product, and thanks to Żabka, our highest quality products reach millions of customers in Poland.



Paweł Nowak
Member of Executive Board, Goodvalley Poland

Sustainable development requires wise cooperation in order to exert a positive impact, as the spectrum of challenges faced in the context of long-term business strategies is extremely broad. Combination of the knowledge and skills of Żabka's management with the passion for changing products and business models with the use of technology, as shown by the founders of disruptive start-ups, is the best way to achieve common good. We live in an increasingly complicated world. That is why it is worth appreciating Żabka leaders' ability to build innovative and ethical stakeholder capital, increasing the positive impact on a large scale.



Prof. ALK Bolesław Rok
Koźmiński Business Hub



Selected activities performed in 2021

Cooperation with start-ups

We hold meetings with the authors of projects that may exert the greatest positive impact on the Group's business. Having conducted a careful analysis of the presented solutions, we decide to cooperate with start-ups at different stages of their development journey. The MIT Enterprise Forum CEE accelerator programme is one of the tools we rely on while looking for ESG-related solutions. Our attention is drawn by projects focusing on alternatives to plastic packaging and on replacement protein sources, i.e. solutions helping reduce meat consumption. Together with Huge Thing, an accelerator of innovative solutions, we launched the Żabka Future Lab accelerator programme. We also strive to attempt cooperation with



start-ups whose solutions will be helpful in reducing the amount of wasted food (by supporting stock management), or in increasing the comfort of consumers taking advantage of autonomous stores. We have also become a partner of the "Positive Impact Start-ups" campaign

overseen by the Koźmiński University's Koźmiński Business Hub. It focuses on supporting those initiatives that contribute to improving the quality of life and the quality of the environment.

We grow together with our business partners

Acting together, we analyse the results of our cooperation, so as to make the necessary changes in real time. In order for this to be possible, we have introduced the Advanced Customer Insight Tool (ACIT) providing us and our partners with access to the same multidimensional data, based on which new solutions related to our cooperation are implemented. The work based on ACIT data is accompanied by joint workshops with our trading partners – 170 such working meetings were held in 2021. It is crucial for bilateral development to ensure that our partners are engaged in thinking about the strategic development of the Żabka Group. By presenting the Group's long-term plans and regularly meeting for a joint review of the results achieved, we provide partners with the knowledge enabling them to build



scenarios for the long-term growth of their own companies. Open dialogue and readiness to implement our partners' ideas are important element of cooperation as well. The workshops are used to jointly identify the changes in the range of products carried by the individual companies, so that they are able to best respond to

changing consumer needs. Our suppliers value the openness and cooperation characterising our relations. In 2021, they voted us the Retailer of the Year. We also ranked first in the nationwide NFS survey in which over 400 suppliers and 20 retailers participated.

Partnerships with organisations:



UN Global Compact

We actively participate in the activities of United Nations Global Compact - the largest global initiative bringing together companies and institutions contributing to sustainable development. We do that, as we are aware of our commitments towards the environment, our employees, franchisees and communities in which our stores operate. Through the implementation of the Responsibility Strategy, we efficiently implement and promote ten universal principles concerned with human rights, labour law, protection of the environment and prevention of corruption, and we use the annual Responsibility Report as an opportunity to communicate our progress in implementing those principles.



Tomasz Suchański,
CEO of the Żabka Group



The Charter of Diversity is an international initiative under the auspices of the European Commission, with its members undertaking to promote diversity and build an inclusive organisational culture.



Polish Coalition for Sustainable Palm Oil is a forum allowing us to work on raising awareness of palm oil from sustainable sources.



Polish Trade and Distribution Organisation aims to improve conditions stimulating the growth of trade protecting free competition and free access to markets.



Club of Poznań Economic University's Partners a venue to share our knowledge with students, club members and the scientific community.



Polish Plastic Pact – having joined the Plastic Pact initiative of the Ellen MacArthur Foundation, we are working towards changing the model of using plastics in packaging materials and promote the circular economy principle.



National Chamber of Commerce – we undertake actions aimed at improving the business environment and restoring the right position for entrepreneurs in economic and social life.



RADA REKLAMY

Advertising Council is an entity that establishes and promotes the highest standards in advertising, protecting consumers from unethical and unfair communications.



Polish Organisation of Franchisors protects the rights of and represents employers in accordance with the Code of Good Practices for the Franchise Market.



Polish Chamber of Commerce allows us to participate in the process of consulting draft legislation and to take part in sessions of parliamentary committees.



Polish Lewiatan Confederation – is a venue allowing us to ensure competitive business conditions, sustainable economic growth, better laws, healthy competition, increased employment and strengthened social capital.



The Consumer Goods Forum – we are a signatory of the Global Food Safety Initiative (GFSI) and a member of two coalitions – with one of them preventing food waste and the other reducing the generation of plastic waste.



American Chamber of Commerce in Poland – a politically indifferent, non-profit organisation working to develop Polish-American economic relations.

2.3 Communities activation

Why is this important?

According to surveys focusing on the social engagement of Poles during the pandemic, 76% of respondents participated in at least one form of charity work during the last year.¹ The authors of the study stress that the trend of purchasing products the proceeds from which support charities is gaining in strength in Poland. Consumers expect the businesses be involved in actions responding

to global challenges and supporting local initiatives – nearly 60% of Poles are more willing to buy products or use the services of companies that are engaged in supporting the consumers' communities.² At the Żabka Group, we are in close touch with those local communities every single day, and we want to properly focus our real impact on their everyday lives by responding to their predefined needs.

Using our resources, we intend to respond to the existing needs and societal challenges, change the environment for the better, exert positive impact and be a part of real change.

Our contribution

Żabka stores are a permanent part of the everyday life of many people, meaning that they remain in close touch with local communities. Our franchisees often have a broad knowledge of the most urgent needs of local residents. It is our intention not only to support the daily purchasing choices of consumers by expanding the range and improving availability of the solutions we offer, but also to be an active participant of the life of local communities we function in. We are aware that the scale of activity of the Żabka Group's ecosystem translates into huge opportunities as far as impacting social change are concerned. We are also aware, however, that we bear a great responsibility for the environment in which we operate. Being aware of the increase in social awareness of our stakeholders,



we attempt to motivate and activate them in order to make the best use of the organisation's potential in the field of social engagement. We focus our attention on the most important aspects that are of key significance from the point of view of the impact that Żabka Group exerts

on its external environment, but also stem from the needs of the most important stakeholder groups. We are structuring our efforts by focusing on key programmes and projects whose implementation will bring about measurable benefits for all parties involved.

¹ <https://publicstyka.ngo.pl/dobroczynosc-polakow-w-dobie-pandemii-raport-wwf-i-unicef>

² <https://www.rp.pl/dodatki/art19137391-klienci-doceniaja-firmy-zaangazowane-spolecznie>

What have we done so far?

Relying on our organisation's social competence, we have structured our projects, investments and engagement by drawing up a Social Engagement Strategy. Its three pillars support the achievement of five UN Sustainable Development Goals. The core ideas behind the Strategy include awareness of and sensitivity to the needs of our stakeholders. The activities we have implemented so far within that strategic framework will be continued in the future

Social Engagement Strategy

We emphasise activities that contribute to real and positive change. Therefore, in 2021, we drew up our Social Engagement Strategy defining those areas that are important for the society – both from our own perspective, and from the point of view of our stakeholders. The document sets forth the future paths and defines

as well. The programme we are working on in cooperation with Fundacja Samodzielni Robinsonowie is a good example here, as it involves the social partners and our franchisees alike. We are also supporting Wielka Orkiestra Świątecznej Pomocy. As it is the case each year, we provided the organisation with a financial donation, while our customers and franchisees organised fund-raising campaigns at their stores. Users of the Żappka app were also able to donate their Żapps points.

In total, we donated PLN 3 million to WOŚP. We were also continuing our activities supporting a significant number of stakeholders in their fight with the COVID-19 pandemic. We provided our franchisees with financial, material and legal assistance, so that they could ensure continuity of operation of their stores, thus providing customers with the ability to shop safely. In 2021, we participated, together with our partners, in over 37 thousand sustainable development interactions – that is 18% higher than the year before.

the criteria we take into consideration while embarking on projects benefiting the society. The three pillars of our strategy include Well-being, Neighbourhood and Equal Opportunities. For each of them, we have identified a set of activities we plan to implement in the coming years. Their selection was also influenced by the iden-

tification of Żabka Group's resources and competences, discussions with employees and workshops with management. The wording of the documents was consulted with an internationally recognised NGO – the Ashoka Foundation, and with our social partner – Fundacja Samodzielni Robinsonowie.

Pillars of our Social Engagement Strategy

Pillar One Well-being

We provide support to our customers in making conscious choices every day by promoting an active, nature-based and healthy lifestyle, with our focus placed both on physical and mental health.

At the Żabka Group, we make people's lives easier by offering them solutions that change their habits for the better. We want people around us to be able to enjoy the pleasures of their everyday life. We expand our areas of influence by building awareness of the significance of physical and mental health.

**Sustainable
Development
Goal supported:**



Pillar Two Neighbourhood

We bring people who live in the same neighbourhood closer together, support initiatives establishing local ties, as well as projects intending to create resident- and environmentally-friendly meeting places.

We are both a local and wide-ranging ecosystem. Together with our franchisees and their employees, along with technological solutions and services, we intend to promote and to play an important role in the process of restoring good neighbour relations, taking care of each other and caring about our environment.

**Sustainable
Development
Goal supported:**



Pillar Three Equal opportunities

We promote independence of young people threatened by social exclusion and assist them in starting their professional careers. We also promote entrepreneurship and the innovative approaches.

The principle of equity is enshrined in the operation of the Żabka Group. It applies to relations between our employees, to cooperation with franchisees and with other business partners. We also intend to promote this principle by offering access to knowledge and equal opportunities when entering the labour market.

**Sustainable
Development
Goal supported:**



Selected activities performed in 2021

Helping by shopping

We encourage our customers to support initiatives promoting social engagement - when shopping at Żabka stores, taking advantage of the Żabka Jush! platform or using the Żappka app. As it is the case each year, our franchisees were collecting money for Wielka Orkiestra Świątecznej Pomocy and were the largest group of volunteers participating in the effort nationwide. Donations could be made via money boxes available in stores. Cashless deposits could be made as well, (for instance via the e-money box, by transferring funds to the Foundation's account or by using payment cards).



The users of our app were able to exchange Żapps loyalty points collected during shopping, for charity donations. The total value of funds transferred in 2021 amounted to PLN 3 million. The mechanism relying on using Żapps points for supporting charities is very flexible and we rely thereon as one of the means of implementing

our Social Engagement Strategy. In 2022, our customers using the app were also able to donate their Żapps points for supporting refugees from Ukraine. The total amount of support amounted to over PLN 1 million.

Supporting those willing to engage

In 2021, we continued to pursue Żabka's Scholarship Programme that has been, for a number of years now, an important part of our social engagement initiatives. The programme is aimed at ambitious and talented children of franchisees, employees and co-workers who, thanks to our monthly support, are able to develop their extraordinary passions and skills. During the 11th edition of the programme, we awarded as many as 60 scholarships: 13 for artistic, 9 for scientific and 38 for sports achievements. Biographical notes of the scholarship holders, along with a description of their talents and the results they achieved, are published in Żabka's information materials. This allows the young people to communicate the impact of support they receive under the programme has on the expansion of their passions.



For employees and co-workers valuing cooperation and physical activity, we have created Żabka's Sports Team. It is made up of active members of our company's staff who are keen on practicing sports, often work out together and represent Żabka at numerous sports events. The team is

currently made up of approximately 130 people showing interest in individual and team sports. They participate in a number of competitions, primarily between March and October, but our players train all year round - they run, ride bicycles, swim, and play basketball and football.

Offering a good start

When defining our agenda for the "Equal Opportunities" pillar of our Social Engagement Strategy we relied, among others, on the experience gained while supporting youths in a difficult situation and at risk of exclusion. The "Safe internship with Żabka" programme is aimed at people over the age of sixteen. It allows them to take part in an internship at a selected store, thus taking their first steps along the path towards independence. The programme is implemented in cooperation with Fundacja Samodzielni Robinsonowie, with active participation of our franchisees who, as mentors and caretakers, share their experience with our trainees and help them build entrepreneurial skills. During eight editions of the programme, we organised internships



for 146 young males and females that the Foundation is caring for. Interns have already worked more than fifteen thousand hours in Żabka stores. Eighteen of them were employed at Żabka stores after the programme had ended, and one of the female interns became

our franchisee. So far, ninety franchisees operating Żabka chain stores have been involved in the programme at seventeen locations throughout Poland. Young interns could also count on the support of twenty-six mentors designated by the Foundation.

Olympic silver medal

In August 2021, we took part in a charity auction organised by Maria Andrejczyk – a silver Olympic medalist from Tokyo. Maria put up her medal for sale, with all proceeds benefiting a campaign raising funds for medical treatment (available in the US) needed by an eight-month-old boy named Miłosz. We offered PLN 200,000 for the medal and won the auction. Maria Andrejczyk admitted the medal was "a symbol of struggle, faith and ability to make dreams come true, despite many difficulties". It was natural for us, as winners of the auction, that this extraordinary symbol should remain where it belonged. That's why we returned it to our proud champion. In addition to the PLN 200,000 from Żabka, Maria's fans raised an additional PLN 300,000 for the treatment of Miłosz. The fund raiser has allowed to finance the child's heart surgery



at the Stanford hospital in the US. Maria Andrejczyk's gesture was widely commented by Internet users. Information about the auction was trending very high

on social media. The event was reported by the largest media in Poland and by the press worldwide ("The Times" or "The Sun").

Żabka Group during the COVID-19 pandemic

The COVID-19 pandemic meant more than two years of intensive work for our crisis committee. During the five waves of the coronavirus outbreak, our interdisciplinary team was working in close cooperation with epidemiology experts and sanitary authorities, developing procedures to ensure the safety of our employees, co-workers, franchisees and customers. We have provided over PLN 170 million in support that was offered via three different channels – as in-kind contribution provided locally, financial assistance for sixteen regional hospitals, as well as financial and in-kind assistance offered nationwide, in cooperation with the Ministry of Health and other scientific and research institutions. In April 2022, COVID-19 restrictions were gradually being removed but in the interests of our common safety, some of the protocols will still remain with us for some time in the future.



Safe customers at safe Żabka stores

Allowing customers to shop safely and securing deliveries have been our priorities since the beginning of the pandemic. We have tightened the sanitary regime at our facilities, introduced new services – home deliveries and ability to collect your groceries from the store – and launched the "Żabka teaches you to buy responsibly" campaign, advising customers on how to shop

safely when faced with an epidemiological threat. As the first retail chain in Poland, we have created, in cooperation with the TÜV Nord Polska independent certification body, our Safety and Hygiene+ programme aimed at boosting hygiene standards and increasing customers' confidence in Żabka stores and the products offered. The BiH+ certificate we were awarded for

two years in a row serves as an additional guarantee proving that we enable safe shopping and adhere to the strictest hygiene standards. We pursue the idea of making people's lives easier in many different areas. We distributed, without any profit margin, nearly thirty-nine million face masks before the obligations to cover our mouths and noses was introduced.

Support for franchisees

Thinking about our business partners, we launched a mechanism to help franchisees maintain continuity of their business operations. During the first months of the pandemic, each franchisee received financial subsidies intended to adapt the stores to the new requirements. We were also regularly distributing messages and recommendations related to the pandemic, external restrictions and advice on how to protect store employees and customers. We organised free-of-charge deliveries of items ensuring proper safety and hygiene standards

at the stores, and offered access to vaccinations. We provided our franchisees with legal and fiscal support, helping them take advantage of assistance offered under governmental relief programmes. We sent out regular updates that had been additionally consulted with virology experts. The activities aimed at our business partners were consulted, on an on-going basis, in meetings with the Franchisee Council. They proved effective, as evidenced by the result of the NPS study we conducted – 86% of franchisees assessed the support provided by Żabka during the pandemic positively.

During the pandemic, we had the opportunity to look at our franchisees as at people whose daily dedication, toil and sense of responsibility allowed to safely run their stores, thus enabling millions of Poles to do their shopping in a safe and convenient manner. I cannot find any words to express our admiration and gratitude.



Piotr Pera
Franchise Relations
Director

Security of our employees

We allowed office staff to work remotely from the very first days of the pandemic. However, nearly ten percent of them decided to stay in the office. With their safety in mind, we tightened the sanitary regime in place at our headquarters. We provided disinfectants, introduced limits of persons staying indoors, performed obligatory body temperature measurements and ozone-disinfected our headquarters on almost five hundred times. We also introduced special precautions to enable safe operation of our distribution centres. To this end, we prolonged the breaks between shifts and installed thermal imaging cameras. We organised 18 webinars with experts on epidemiology, as well as mental and physical health. We also held, at the distribution centres, 240 internal training sessions, ten lectures and fourteen educational meetings on COVID-19. In order to make it easier for employees to combine remote work with childcare, we launched the Żabka Play educational platform for children. We gave all workers and their children the opportunity to take advantage of psychological and epidemiological consultations, as well as of vaccinations against COVID-19

Safe convenience ecosystem

The rules and procedures related to the COVID-19 pandemic were also implemented in all of Żabka Group. Żabka Polska's operational team, in collaboration with representatives of the Group's other companies, presented the strategy, tools, as well as rules and procedures developed for the pandemic and supported other companies in their implementation. This has resulted, among others, in the opening of medical facilities performing screening tests for employees, and in organising five special vaccination campaigns.

PLN 170 m

to support the pandemic effort

10

medical facilities with testing stations

Nearly

270,000

COVID-19 tests performed

Almost

PLN 500,000

prize money in the lottery for vaccinated employee

and influenza. Over 6,500 doses were administered to our employees, co-workers and their families during eighty-three vaccination events organised at the company's locations. We also organised a lottery for vaccinated employees, with its combined prize money of PLN 500,000. We were regularly

Over

PLN 10 m

financial and material support in the form of donations

83

actions on vaccinations organised at the headquarters and distribution centres

Over

6,500

doses of vaccines administered

Nearly

39 m

face masks sold at cost

informing our employees of all actions taken in relation to the pandemic, using well-established internal communication channels. They received almost one thousand electronic messages concerned with the pandemic.

We were highly effective in how we adapted to the changing situation due to our shortened decision path and cooperation with an interdisciplinary COVID-19 team composed of experts in different areas of the organisation. Their involvement and knowledge of processes enabled us to implement the solutions. This allowed us to care for the safety of our employees, franchisees and customers during the pandemic.



Joanna Kasowska

Head of Crisis Team, Food Quality and Standards Director

Żabka Group for Ukraine

In view of the unexpected outbreak of war in Ukraine, the Żabka Group has immediately taken appropriate supportive actions. We established an interdisciplinary crisis team composed of members of the company's Management Board. We commenced providing aid less than twelve hours from the beginning of the war. We are offering a wide range of different aid initiatives, relying on the involvement of our key stakeholders.



We are helping our employees from Ukraine and refugees arriving in Poland

In support of employees and co-workers of the Żabka Group from Ukraine, we are financing accommodation for their family members and assist them in organising transport of their loved ones from the border. So far, we have completed eighty-two transports and have organised accommodation for almost 350 people. We are also providing psychological support for employees and co-workers of the Group. Similar assistance is offered to franchisees and store employees. To ensure access to verified information and to support the handling of official procedures, we have launched a special legal hotline dealing exclusively with the situation in Ukraine. Our employees and co-workers may learn about forms of support available to them, and use psychological and legal assistance provided on-site, at Consultation Points established at our distribution centres. We also support refugees from Ukraine who have arrived in Poland. We provide them with food packages containing sandwiches and snacks with extended best before periods. We also offer our own label Szamamm, and starter packages for children. To support their process of accommodating to a new location, we offer psychological and legal assistance, as well as financial consultations in Ukrainian. We



also assist in the job search. Candidates may fill out the form available on our platform at www.praca.zabka.pl, and be provided with an offer matching their qualifications and place of residence. The positions are offered with a comprehensive care package. We assist in finding accommodation, provide food vouchers and offer support of cultural assistants. We also enable those interested

in taking up work to take Polish lessons organised by the Żabka Group. More than 35,000 guests have visited the website since its launch, and we have made offers to 176 of them. We are also collecting donations at our HQ, distribution centres. The total value of aid organised by Żabka Group is PLN 6.3 million as of 30.04.2022.

We engage the help of employees and customers

We have launched a volunteer programme for our employees, enabling them to contribute to the efforts of organisations cooperating with our company. Our staff is also coordinating collections at our company headquarters to meet basic needs of refugees. Each employee may spend eight business hours per month volunteering. We also provided our employees with access to an in-house platform and the "PomagaMY" ("We help") app. Those solutions may be used by all interested parties to report the forms of assistance they offer or to notify the need for support for a Ukrainian family. Many of our customers are involved in our aid campaigns – everyone has the opportunity of donating to charity organisations by making a card payment (including contactless payments) at Żabka stores. The funds collected are then di-



vided into two equal parts: one of them is transferred to Polish Humanitarian Action and the other to the Polish Red Cross. Furthermore, those using the Żappka app may exchange their Żapps loyalty points for charity donations. The PLN 1,000,000 collected thus far has been donated to aid Ukrainians. The Żabka Jush! Platform has also launched the "#togetherness for Ukraine" campaign and offering

a special "Support for Ukraine" tab in its app. While shopping, customers are able to add, to their baskets, discounted items that will be donated to aid organisations. Delivery costs and a part of the value of the donations are borne by Żabka Jush!. Our customers will not find products from the Russian Federation or Belarus on our shelves. We have recalled advertising for these products (data for 30.04.2022).

Supporting social organisations and operating in partnerships

We offer financial and in-kind support to the Polish Red Cross, Polish Humanitarian Action, Ukrainian House, and the Polish Center for International Aid. We donate food and personal hygiene items in cooperation with our partners – Podkarpackie Voivodeship Office, Polish-Ukrainian Chamber of Commerce and UNGC. In the first weeks of war, our help reached, inter alia, the emergency centre of the Podkarpackie Voivodeship Office in Korczowa, several border crossings and railway stations in Przemyśl and Warsaw. We have also delivered aid to the civilian population in Ukraine. It was received among other places, in the towns of Lutsk, Kyiv and Dnipro. We boast extensive experience in the effective implementation of specific projects in partnership with other organisations,

and we know that we can do more together. Being a member of the Polish Trade and Distribution Organisation, we have taken steps to support the process of obtaining work and residence permits for Ukrainian citizens staying in Poland. We have also joined more than 250 organisations which declared their willingness to provide support under the "Tech to the Rescue" initiative. A team of Żabka Future, a business unit responsible for innovation and technology, has expressed its readiness to provide Ukrainian NGOs with pro-bono technological assistance. As a signatory of the Charter of Diversity, we supported the position of the Responsible Business Forum on the war in Ukraine. We also cooperate with the Poznań International Fair and the Poznań University of Technology,

supplying food to their facilities that serve as reception points for Ukrainians. In order to support those who remained Ukraine, together with our investors – CVC Capital Partners and Partners Group – we have sent four special freight trains to Kyiv with humanitarian aid for the civilian population. The trains carried more than 520 tonnes of non-perishable food, water and personal hygiene necessities. The trains were dispatched in cooperation with, inter alia, the Warsaw Capital City Office, the Podkarpackie Voivodeship Office, the Lubelskie Voivodeship Office, the Polish-Ukrainian Chamber of Commerce and the Polish Red Cross (data for 30.04.2022).



PILLAR 03 Responsible organisation

We shape a purpose-led trusted organisation of empowered people.



3.1 Diversity and inclusion

	2021 result	2021 status
Top 25% of the best employers according to the Gallup survey by 2025	34% +3pp vs. 2020	●
Increase the employees' NPS score of 65 points by 2025	59 pts +1pt vs. 2020	●
23 hours of training for each employee per year by 2023	22 hours +2 vs. 2020	●
Reduce the employee turnover rate to 10% by 2025	16.2% +4.4% vs. 2020	○
Obtain the EQUAL-SALARY certificate by 2023	Quantitative stage completed, certification scheduled for 2022	●
Maintain the rating (8pts) of an employer who offers an inclusive organisational culture	8.7 pts +0.6 pts vs. 2020	●
Maintain the rating (8 pts) of an employer devoted to equal opportunities by 2023	9.1 pts +0.4 pts vs. 2020	●

We ensure the high level of engagement of our employees through an inclusive organisational culture of equal opportunities. We offer a selection of training programmes matching the employees' needs. We have also introduced an Equity Policy that promotes openness to diversity, and have decided to have salaries paid to employees of both genders validated by an independent auditor. The increased rotation rate is mainly caused by voluntary departures of distribution centre employees and the dynamic labour market situation. We have implemented measures to reduce this rate and notice that the trend has stabilised in 2022.

3.2 Governance and responsible management

	2021 result	2021 status
100% of employees trained on business ethics principles by 2025	77% Code of Conduct implemented	○
100% of business partners familiarised with the Code of Conduct by 2025	Code of Conduct for Business Partners has been implemented	●
ESG factors taken into consideration in all key decisions and investments until 2025	Work on a set of solutions for the individual decision-making areas	○
100% compliance of internal policies with the laws and regulations corresponding with ESG by 2023	Establishment of a legislative radar	●
At least 12 meetings of the Management Board per year to discuss ESG issues to be held by 2023.	13 meetings +2 vs. 2020	●
100% of employees trained on cyber security-related issues by 2023	75% +57pp vs. 2020	●
ESG criteria for our suppliers established by 2023	Defining the criteria, working on the compliance system	○

We have implemented the Code of Conduct and Ethics for Employees, with 77% of our employees already trained on its provisions. Currently, the training is a mandatory part of the 2022 training curriculum, as is cyber security training. We have implemented the Code of Conduct for Business Partners. We have initiated dialogue with our business partners, aiming to familiarise them with the requirements of the Code. We are working on defining a set of indicators allowing to assess the impact of key decisions and investments on the path towards sustainable development followed by the organisation.

3.3 Transparency and validation

	2021 result	2021 status
External reporting in accordance with best practices and standards	ESG Report and Climate Report for 2020 and 2021	●
Integrated reporting	Kick-off for the first integrated report performed	○
Continuation of EcoVadis certification	EcoVadis platinum medal	●
Regular external verification of selected ESG aspects	Verification of the ESG report by an independent auditor	●

This is the second time we are reporting our progress in regarding the Responsibility Strategy and the decarbonisation plan. To increase our credibility in the eyes of our stakeholders, the report was externally verified by an independent auditor. We have also been certified by EcoVadis. Once the remediation plan had been successfully deployed in the organisation, we received the highest award – a platinum medal.

Legend: ○ expectations for 2021 not met ○ expectations for 2021 partially met ● expectations for 2021 met

3.1 Diversity and inclusion

Why is this important?

Polish employees are ever more frequently looking for a workplace at which their authenticity is appreciated and where they will be able to grow without compromising on their own identity. In 2020, Poland was only 24th on the EU's Gender Equality Index, which is significantly lower than the average of other EU members.¹ This change requires initiatives and involvement from many sides, including business, which can counteract social inequality by

building an inclusive organisational culture. Ensuring equal opportunities and managing diversity at the workplace translates into effectiveness of activities, attracts talent and contributes to additional value for the organisation and its stakeholders. At the Żabka Group, we respect the individual nature and uniqueness of each employee, and we perceive diversity as an opportunity to develop and strengthen the advantages of our company.

The Żabka Group is a place where every employee is appreciated, respected and able of fully realising their potential.

Our contribution

As a large organisation operating in all regions of Poland, we have an impact on the everyday lives of thousands of workers. We employ more than two thousand people directly and maintain more than 45,400 indirect jobs throughout the country. We build an organisational culture that is based on values and on the engagement of employees. By relaying on our diverse experience and competence, we are able to meet the ambitious business challenges we face.

In order to achieve the strategic goals and develop the solutions we offer as part of the convenience ecosystem, we need people who are focused on identifying solutions and who are driven by curiosity – they must be innovative and open to the needs of modern consumers. We are also engaged in partnerships promoting diversity and inclusiveness in the workplace. The Diversity Charter is one of such undertakings. It is an in-



ternational initiative under the auspices of the European Commission, obliging us to promote diversity and build an inclusive organisational culture. By joining the partnership in 2021, we declared we would combat discrimination in the work-

place and promote a culture of diversity among our employees and co-workers. We create diverse teams promoting ingenuity and a fresh approach. By relying on creativity, cooperation and commitment, we create unique solutions for our customers.

What we have we done so far?

In 2021, we implemented the Equity Policy defining our approach to strengthening diversity and building an inclusive organisational culture. Our commitment to promoting diversity is manifested, among other things, in ensuring equal access to training in order to boost competence and, consequently, careers. Our approach to equality requires also that the gender pay gap be bridged. We commenced the EQUAL-SALARY certification process by passing the quantitative analysis stage. We have also been working on developing a flexible and efficient working model that takes into account the needs and opportunities related to remote work and

work in the office. We have invited our employees to participate in the "Remote Team Scan" study based on which our hybrid work model was established. This is an important change that opens up new opportunities for growth, for changing the existing organisation of the office, for attracting new, talented workers and for increasing the diversity of the team. We have also continued the tradition of Praising Days – exceptional days during which we praise each other, in a creative and funny manner, and thank ourselves for our daily work and support. We appreciate our achievements on a daily basis, but we also know how important it is to appreciate our joint efforts, commit-

ment and the work required to turn our objectives into reality. These activities allow us to support the achievement of the strategic objective – increasing the level of our employees' engagement. In the 2021 Gallup study, we achieved a score of 4.30 that was 0.06 higher than the one obtained the year before. The engagement score reflects the degree to which the staff identify with the organisation, its values and mission. In a dynamically changing environment, such as the Żabka Group, we regularly survey the experiences of our employees by means of pulse studies. The score from the last survey conducted in 2021 equalled 59 points and was 1pp higher than the year before.



As an organisation, we perceive the people we hire, or we already have in our ranks, taking into account 3 elements: motivation to develop, competence, and experience. However, it must be remembered that these are only some of qualities required to build equality and inclusiveness. In order for our approach to be complete, we must look at humans as a whole, and not just as employees. That is what this entire area is actually dedicated to. In other words, it can be said that by creating an equal and inclusive organisational culture, we are answering the question of whether our people can devote their entire personalities to the organisation, whoever they are.



Katarzyna Zabratńska
Equity and Inclusive Organisational Culture Manager

In the Żabka Group, we make sure that all employees, regardless of their gender, are equally compensated for the same work. In 2021, we implemented the Equity Policy to support equal opportunities regardless of gender. In order to validate our approach, we have applied for an external EQUAL-SALARY certificate. Its purpose is to verify whether individuals working at Żabka receive the same pay regardless of gender. We have successfully completed the quantitative analysis stage. We are now facing the qualitative analysis, after which we will obtain the certificate.



Paweł Brzósowski
Rewards Manager



¹ <https://eige.europa.eu/publications/gender-equality-index-2020-poland>

Selected activities performed in 2021

Promoting equity

The commitment to implement a culture of equal opportunities and an inclusive organisational culture is expressed in the Equity Policy we have adopted. Its implementation, communication and monitoring are the responsibilities of the Equity and Inclusive Organisational Culture Manager. That is how we guarantee that decisions are taken without prejudice, based on competence, experience and the work results achieved. The Žabka Group is open to people with different identities, experiences, competences and prospects, and that is the spirit we desire to build our teams on. The positive results of our activities are confirmed by the outcome of the pulse survey.



This year, its scope was expanded to include questions about diversity and inclusive organisational culture: "the company is open to diversity among employees" and "I am treated equally in the company, regardless of who I am". The aim of those questions was to verify whether

employees have a sense of equal treatment and whether the Žabka Group, as an organisation, is open to diversity. The study participants assessed both statements as highly accurate: on a scale from 1 to 10, the score regarding the first question equalled 8.7, and in the other, it amounted to 9.1.

Increasing the level of satisfaction with work

2021 was the first year in which we performed an additional Business Impact Analysis by the Gallup Institute as part of which we linked the results of engagement studies with indicators concerning HR, such as turnover or absence rates, to understand their causes. We discussed the conclusions of the study together with all the directors in the organisation, with the aim of increasing our awareness of what we should work on. In the context of building employee engagement, the attitude of managers and their ongoing competence support are of particular importance. An action taken in response to the results of the engagement studies is 'Praising Days' - a time during which employees are encouraged to provide positive feedback



to their colleagues. During the last edition of the campaign, the record of praise messages provided was broken – 4,928 were given in total. Each employee and co-worker received, on average, two virtual cards praising their efforts. The satisfaction survey covers all our employees and

co-workers, and the turnout in 2021 was as high as 91%, placing us among the top employers conducting such research. The activities resulted in the increased engagement of our employees. In the Gallup Institute survey, we achieved a score of 4.30, 0.06 higher than in 2020.

Caring for our employees' growth

Żabka Academy is a platform offering a series of training programmes and development activities tailored to the needs of employees, as well as our co-workers and franchisees. We offer on-boarding, specialist and managerial training. The Academy also conducts unique projects designed in cooperation with schools or universities, such as doctorate theses implementing specific solutions. All employees can also benefit from subsidies for English language courses – group or individual classes are offered, and the courses are supplemented by access to an e-learning platform. In 2021, a new module Logistics Manager Academy was introduced in response to the development needs of personnel performing logistics-related tasks. We have also ensured that managerial competences were strengthened.



The management staff commenced a dedicated Senior Leader Development Programme. The most experienced managers participate in a diagnostic programme leading to the development of growth programmes tailored to their individual needs. The most talented in the organisation are able to boost their qualifications

through training sessions organised by INSEAD, Stanford University, Yale and other institutions. All those activities gradually bring us closer to achieving the strategic objective. In 2021, the average time spent by each employee on their development equalled 22 training hours, without the mandatory OHS training considered.

EQUAL-SALARY certification

The Payroll Policy in the organisation guarantees that the remuneration of each employee depends solely on their competencies and on the results achieved, with factors such as gender or nationality not playing any role. In order to confirm the effectiveness of the remuneration-related activities we undertook, we started preparations for the EQUAL-SALARY certification process performed by the Equal Salary Foundation - an independent non-profit organisation issuing the certificate in question using on a verified, science-based approach. The certification process is based on UN guidelines and is recognised by the European Commission. It includes an analysis of remuneration data and an audit of the HR policy in place,



an assessment of the employee-related solutions in effect, as well as the involvement of the company's management in ensuring equal remuneration. We success-

fully finished the quantitative certification stage in 2021, and the completion of the process is scheduled for 2022.

3.2 Governance and responsible management

Why is this important?

Up to 67% investors consider non-financial data when making decisions, translating into an increased importance of reporting information in areas of ESG. Attention to these issues is increasingly affecting the ease of access to capital markets and, in turn, to financing opportunities. Good corporate governance is especially important, as properly implemented and managed, it can lower risk,

increase stability of results and have a positive impact on the business' creditworthiness and access to capital. At Żabka Group, we look at the key aspects of our business from the perspective of non-financial factors (ESG) and raise awareness of their importance throughout the value chain, thanks to which we help build the awareness of our investors.

We build an ethical organisational culture that is based on our values – responsibility, openness, credibility and ambition.

Our contribution

Building a comprehensive range of solutions for customers is linked with multifaceted environmental, social and economic impacts. The convenience ecosystem of the Żabka Group is a comprehensive value chain that exerts an influence that is commensurate to its size. We are active in many areas, cooperating with 7,000 domestic and foreign suppliers. The majority of them (98% of the value of our procurement in 2021) are Polish suppliers. Effective management of such a broad impact requires that the highest standards of corporate governance be taken into account and that ESG factors be integrated with decision-making processes. We are aware that our approach to conducting business influences the directions of development of the business partners with whom we cooperate.



We are keen to set high ethical standards in this regard. We care about the transparency of the management process, we exercise due diligence in business processes, we regularly report financial and non-financial issues and regularly

submit ourselves to independent audits and certification. Thanks to transparency and openness in communication, we build and maintain trust among a wide range of our stakeholders.

1 <https://www.mdpi.com/1996-1073/15/2/477/pdf?version=1641965045>
 2 https://www.gpw.pl/pub/GPW/ESG/Wytyczne_do_raportowania_ESG.pdf

What have we done so far?

We are perfecting solutions that strengthen our ethical organisational culture. The compliance system in force has been expanded to include the Code of Conduct and Ethics for Employees and the Code of Conduct for Business Partners. Our standards apply throughout the entire value chain. We promote them among our employees, co-workers and business partners, specifying the standards of cooperation that we will expect them to comply with. Through regular training, we convey our ethical principles to employees and co-workers. We have expanded the curriculum of annual compliance training with the requirement to complete training on the provisions of the Code of Conduct and Ethics.

In the first year of operation of the new curriculum, 77% of our employees were trained. In order to ensure that all persons employed have familiarised themselves with the principles set out in the Code, this training has been included in the on-boarding process and in the mandatory training curriculum for 2022.

Cybersecurity is another part of the digital transformation process. This area is of critical importance for the company, our customers and business partners. That is why we regularly conduct training in this area – 75% of employees have completed dedicated cybersecurity training. In 2022, it was included in the catalogue of compulsory training programmes as well. In addition, internal and external

experts offer classes for participants at different level of advancement, adapted to the specific requirements of the individual departments. We want the competences of our employees to enable them face business challenges on a daily basis, simultaneously intending to equip them with the knowledge allowing them to reduce data protection risks. We expanded our knowledge on this issue while preparing for the ISO 27001 certification, which we received in the second quarter of 2022, completed after an audit confirming its fulfillment of the norms. During the reporting period, we did not record any customer data loss events.



The establishment of a cooperation framework based on our values is a step towards achieving our business goals. That is why the Code of Conduct and Ethics for Employees of the Żabka Group was created. It is a compass that it will make it easier to take daily decisions and solve potential ethical dilemmas. We wanted the Code to be as practical and universal as possible. We also intended it to closely reflect dilemmas that each employee may face, regardless of the department or team in which they work. Therefore, many representatives of the company participated in the work on the Code. Thank you very much for your time and commitment.



Jolanta Bańcerowska,
Member of the Management Board, Chief People Officer

To ensure that data of the organisation is properly secured, we have decided to implement ISO 27001, an international standard setting forth the requirements for the establishment, maintenance and development of information security management systems. Being aware of the importance of information used and processed by the Company, we are implementing organisational and technical safeguards guaranteeing such protection. Simultaneously, while remaining open to new solutions, we believe that ISO27001 naturally fits in with our company's policy of maintaining credibility towards our customers, franchisees and business partners.



Marta Urbaniak,
ISO Officer



Selected activities performed in 2021

We comply with the best standards

We also expect our suppliers to implement and certify quality and food safety management systems. A business partner who has not implemented such a system or is a supplier of own brand products shall be qualified, in accordance with the Quality Qualification Manual in place, as a high-risk supplier and may cooperate with us only after undergoing a qualification audit whose assessment criteria are equivalent to the requirements of the quality management system. In the case of suppliers of own brand products who have implemented their own quality procedures, we shall audit their effectiveness before establishing a business relationship.

In 2021, we conducted twenty-nine qualifications audits – all suppliers passed them successfully. We also periodically verify compliance with quality standards by means of announced and unannounced verification audits – in 2021, we carried out fifty audits of this nature. Eleven suppliers were obliged to establish a remediation plan addressing the deficiencies identified. Those entities shall be subject to an audit ensuring that the corrective actions set out in the remediation plan have been implemented. We are also conducting qualification audits with regard to suppliers of producers' brand products. The audit procedures revealed that three of them failed to receive a positive result, prompting us to refrain from commencing cooperation with them.

If any complaints are submitted or improper product quality is reported, we perform intervention audits at our business partners – in 2021, such audits accounted for 8% of all audits performed



ISO 22000

food safety management



ISO 50001

energy management



ISO 45001

occupational health and safety management



ISO 27001

information security management



ISO 14001

environmental management



among suppliers of own brand products, and for 12% of audits conducted among suppliers of producers' brand products. The introduction of additional controls is a response to the challenge of ensuring the highest quality of the food produced and is intended to reduce the number of recalls caused by quality defects. In 2021, we recorded 12 such events – all of them related to producers' brand products.

In our stores and distribution centres, we also maintained the Safety and Hygiene+ certification system which we created, as the first chain of stores, together with TÜV Nord Poland. The system covers also suppliers of our own labels and franchisees operating stores under

the Żabka brand. During the verification process, such areas as approach to safety and hygiene management in production processes, organisation's crisis management, requirements for subcontractors, infrastructure and the environment, are verified. Conformity assessment is performed by auditing documentation, as well as production and storage premises, in order to verify the implementation of processes and to introduce crisis management procedures. The level of the employees' awareness and their attitude are evaluated as well. In 2021, such reassessment and certification were performed at fifty-two of our own brand suppliers.

Ensuring a safe working environment

We are conducting extensive preventive measures – we have created a dedicated website for employees, where key health and safety documents, such as accident reporting forms and occupational risk assessment procedures, are published. Once a quarter, the Council of Employees, with the participation of the Member of the Management Board in charge of the People Strategy, is held. It serves as a venue at which issues related to occupational health and safety management system are discussed, among other things. We have also prepared Occupational Health and Safety Starter Kits for our distribution staff – they contain binders with all necessary procedures and manuals. We have also completed work on the OHS Knowledge Compendium - a publication that will be distributed to all newly hired employees after completion of general OHS training. We are also regularly conducting first aid training and contests. In 2021, 225 people completed such training courses. As a result of all those activities, the standard LTI (FR) accident rate, presenting the frequency of accidents per one million working hours, equalled 4.2 and was more than 20% lower than in 2020. In 2021, we recorded fifteen accidents at work, and all of them occurred at our distribution centres and terminals. Insufficient attention of employees performing their activities was the most frequent reason behind those accidents. Each event has been analysed by our accident investigation teams and appropriate measures have been taken with logistics staff to prevent similar accidents from occurring in the future.

Knowing that the level of safety is impacted by numerous factors, we have created a comprehensive Support Programme for employees and their families. Advice on financial and legal issues is offered under the programme, as is psychological support. It may be taken advantage of

495

Occupational Health and Safety patrols

1,252

preventative actions undertaken

12

external audits

by calling our hotline or by contacting us via a dedicated app. The number of consultations offered is unlimited. Apart from individual support, we also provide all those eligible to participate in the Programme with access to training and knowledge resources related to human health

52

measurements of working environment factors

1,532

occupational health medical check-ups

4.2

LTI(FR) for 2021

and well-being. Interactive educational webinars are also held periodically, as a form of group support for our employees. The topics discussed include, among others, the pandemic, remote work, work-life balance or ability to concentrate.

Żabka Group values responsibility, which is why we take a responsible approach to providing our employees with safe working conditions. We constantly monitor all health and safety incidents, draw consequences, and introduce the appropriate corrective actions. In the area of safety, preventive and educational activities are of key importance, as they enable us to provide our employees with appropriate tools to prevent accidents at work. In 2021, we conducted several activities supporting a safe and effective workplace. The most important activity includes updating the risk assessment at all positions in distribution centres, raising first aid awareness among employees, or the creation of a special website and the Health and Safety Toolkit.



Robert Żmudzki
Health and Safety Director

We have adopted the Code of Conduct and Ethics for Employees

The document supports our employees whenever they face an ethical dilemma. It is applied throughout the entire value chain, referring both to relationships existing within our organisation and to those with external stakeholders. Provisions reminding about ways of reporting any violations of the Code, as well as about other applicable policies and procedures constitute a key element of the Code. The strengthening of ethical standards is supported by two mandatory annual training programmes focusing on compliance issues and on the Code of Ethics. In 2021, 90% and 77% of our employees completed those programmes, respectively. We are continuing our efforts to increase the share of those trained in the coming years. By expanding our em-



ployees' knowledge, we also ensure more efficient management of the whistleblowing process. In 2021, we received four reports about potential violations of the Code. They were all subjected to internal investigations performed by the Ethics Committee and were deemed justified. They

included allegations of discrimination and corruption, but the investigations failed to confirm any of those accusations. We have taken steps to prevent the similar situations from occurring in the future, in accordance with the procedures in effect.

We have implemented the Code of Conduct for Business Partners

The document is based on key international and national legislation. Its provisions cover the full spectrum of business activity - from ethical business management and respect for workers' rights, through the quality of products and services offered, to environmental and climate impacts. We build our business relationships based on mutual trust. That is why the Code identifies channels for reporting potential violations of its provisions and clearly presents mechanisms for handling these. We require all business partners to confirm, with their signature, that they have read and understood the document. We also work on introducing a system for verifying our business partners and for analysing supply chain risks.



Approximately 190 suppliers generating more than 30% of our total turnover are being assessed in the pilot phase of the project. In the process, we use the global SMETA platform, developed to exchange information on production standards

within the supply chain. Suppliers are evaluated in five areas, and the verification results in an assessment of the risk of cooperation with a given company.

3.3 Transparency and validation

Why is this important?

According to experts, non-financial reporting becomes a tool that is necessary for the further development of modern capital markets. The increasing number of regulations in this area, the gradual orientation of global financial flows towards sustainable investment, as well as social pressure are all factors that contribute to a systematic increase in awareness of sustainable development issues and reinforce the importance of standardised disclosures of issues related to environmental protection, social impacts and governance (ESG).¹

Supplementing financial reporting schemes with non-financial data disclosures allows to obtain a full picture of the management process, monitor results and increase the accuracy of business decisions made. In the Żabka Group, we undergo external certification processes and comprehensively report non-financial issues in order to provide stakeholders with transparent information on how we manage our social, environmental and economic impacts and how we implement the priorities defined in the Responsibility Strategy.

We are striving to communicate actively with the important groups of our stakeholders. That is why we are consistently improving the non-financial reporting process, thus building higher confidence levels.

Our contribution

We disclose non-financial and financial information in a transparent and reliable manner. We are transparent about the results of the activities undertaken and the degree of fulfillment of the obligations arising from the Responsibility Strategy. According to its assumptions, we publish data and management practices relevant to many groups of our stakeholders. We value the opportunity to exchange experiences with other companies – we want to inspire them to take ESG-related action, are willing to share our knowledge and are open to feedback. We also value opportunities to compare ourselves with other companies and to perform independent and objective assessments of our progress. That is why we regularly review our approach to managing ESG



issues, including through participation in sustainable development reviews and ratings, as well as through independent audits. Transparency of our activities is also the foundation for cooperation with institutional stakeholders, including financial institutions.

Thanks to our obligations under the Responsibility Strategy, we are gaining access to capital available to sustainable enterprises.

¹ https://www.gpw.pl/pub/GPW/ESG/Wytyczne_do_raportowania_ESG.pdf

What have we done so far?

We are pursuing the strategic objective of the Żabka Group, meaning we make sure that our external reporting complies with the best practices and takes into account applicable international standards. We use proven standards and guidelines in our sustainable development activities, relying on the latest GRI (Global Reporting Initiative) standards, United Nations Global Compact principles, recommendations published by the World Economic Forum – "Measuring Stakeholder Capitalism: Towards Common

Metrics and Consistent Reporting of Sustainable Value Creation" and guidelines of the Sustainability Accounting Standards Board (SASB). We have also drawn up a second Climate Report using guidelines of the Task Force on Climate-Related Financial Disclosures (TCFD). In the report, we clearly communicate the risks and opportunities associated with climate change and the objectives and effects of our decarbonisation plan, as approved by the Science-Based Targets Initiative (SBTi). In 2021, we also concluded the

first financial agreement based on ESG objectives resulting from the Responsibility Strategy, with the margin of the said instrument depending on progress in implementing our strategic commitments. Our ESG-related activities have been positively verified by EcoVadis, an international sustainability rating agency. We have received the highest possible distinction, a platinum medal, thus joining 1% of companies in the world which are successfully integrating non-financial factors in their strategies and operations.

Selected activities performed in 2021

Transparent reporting

We treat reports as one of the key communication channels with our stakeholders and as an element of building the company's credibility. In order to ensure the highest quality of the disclosures, we decided to publish the 2021 report according to the latest GRI Standard, formally entering into effect in 2023. The compliance with GRI Standard and the reliability of data presented in the Responsibility Report are assured by an external verification performed in accordance with ISAE3000. The high quality of our reporting was appreciated by independent experts: the 2020 "Conveniently and Responsibly" Report received the main prize in the Sustainable Development Reports contest organised by the Responsible Business Forum and Deloitte. An independent jury has praised us for drawing up a well-structured and comprehensive report which clearly shows



our mission, development vision, the company's ESG strategy, precisely defines the business model and contains a practical executive summary. We are also aware of the growing importance of climate disclosures and that is why we decided, as one of the first companies in Poland, to prepare a Climate Report devoted, among other things, to

analysing climate risks, in accordance with Task Force on Climate-Related Financial Disclosures (TCFD) recommendations. The publication presents our decarbonisation plan, together with a report on the achievement of SBTi objectives.

1 https://www.gpw.pl/pub/GPW/ESG/Wytyczne_do_raportowania_ESG.pdf

Financing based on ESG targets

We have entered into the first credit agreement and a factoring agreement which are based on the achievement of ESG targets, including those relating to the company's decarbonisation plan. The values of the credit margin and the factoring margin, respectively, depend on the progress in fulfilling our obligations arising from the Responsibility Strategy. Such a financing method not only makes our commitments more reliable, but it also shows our declarations are backed by specific activities. The financing project was implemented thanks to close cooperation with the Santander Group, which actively supports entrepreneurs on their green transformation journeys. The solution made available is unique in the entire business sector and will also



have a positive impact on the environment – it will be used to finance an automated and low-carbon distribution

centre built in the town of Radzymin. Its launch is planned for the second half of 2022.

Verification and certification of ESG activities

In 2021, we underwent the external EcoVadis certification process again. After receiving the medal last year, we developed a remediation plan aiming to make our undertakings more professional. The said plan has been successfully implemented throughout the organisation. It has resulted in a significant increase of scores in all areas subject to assessment. Twenty-one criteria divided into four categories are taken into consideration during the certification process: human and employee rights, the environment, ethics and sustainable procurement. As a result of the assessment, we have received the highest possible distinction – a platinum medal. This ranked us among 1% of companies globally that are most successful in



integrating ESG aspects into their strategies and operations. Additionally, we received the highest possible score ("best in class") for managing our carbon footprint.

This was possible thanks to implementing a system for measuring, monitoring and reporting emissions and thanks to setting reduction targets approved by SBTi.



PILLAR 04 Green planet

We minimise our environmental impact across the whole value chain.



4.1 Decarbonisation

	2021 result	2021 status
Achieving climate neutrality (scopes 1 and 2) by 2025	17,273 tCO ₂ e -29% vs. 2020	●
-70% reduction of franchisee emissions by 2026	31.7 tCO ₂ e/mPLN 29% reduction vs. 2020	●
-25% total scope 1 and 2 greenhouse gas emissions by 2026 (base year 2020)	17,273 tCO ₂ e -29% vs. 2020	●
-5% electricity consumption intensity by 2023	-4% vs. 2020	●
100% of electricity from RES in own operations until 2023	100% +97.6pp vs. 2020	●
Involvement business partners responsible for 75% of purchasing and service expenditures in science-based reduction targets by the end of 2026	56.3% +27.3pp vs. 2020	●
We will join the SBTi initiative and publish decarbonisation targets by 2021	Targets validated by SBTi	●

The targets set out in the decarbonisation plan were confirmed by SBTi. Thanks to electricity from renewable sources consumed in own operations, we reduced the carbon footprint (scopes 1 and 2) by 29%. Tests of technological novelties performed in stores contributed to the reduction of electricity consumption (-4%) and CO₂e emissions (-6%). We remain in dialogue with our business partners, mutually sharing our inspirations. We have also commenced work on a dedicated communication platform.

4.2 Circularity

	2021 result	2021 status
Plastic neutrality after 2025	19% for own brand products materials in the store 100% for total plastic weight introduced	●
100% of packaging materials of own brand products suitable for or originating from recycling by 2025	94.6%	①
Involvement of suppliers in activities related to reduction of "virgin" plastic consumption	Circularity and Eco-design policies communicated to business partners	①
Recovery of recyclable packaging including glass, aluminum and paper	Commencement of work on increasing recycling rates for other materials	①

We have achieved, for the second year in a row, plastic neutrality in our own operations. By expanding the reach of our pilot solutions, we increased the share of circulated plastic to 19% in 2021. We are continuing preparations to increase the recycling rates of the remaining types of materials. We have completed the process of analysing all packaging materials used in own label products and have prepared a packaging strategy the implementation of which commenced in 2022. We have also started the process of communicating our Circularity Policy and Eco-design Policy to our business partners, and are jointly working on improving the quality of data concerning the weight and the types of packaging materials used.

Legend: ○ expectations for 2021 not met ① expectations for 2021 partially met ● expectations for 2021 met

4.1 Decarbonisation

Why is this important?

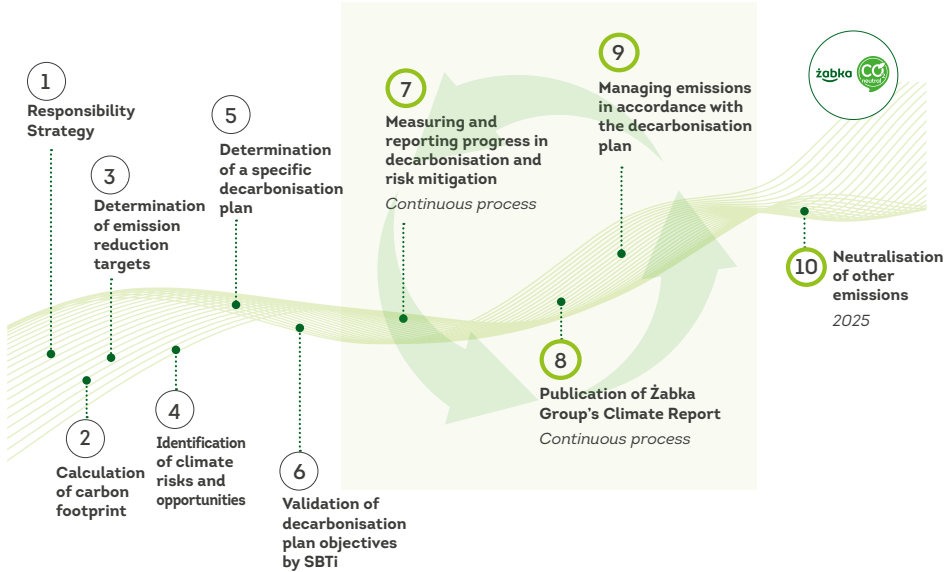
Studies show that Poles are increasingly serious about climate change and no longer perceive them as a challenge for the long term. 68% of the population is afraid that changes will have a negative impact on the future of their children, and 78% of Poles believe that the condition of the Earth requires decisive action.¹ Consumers are increasingly indicating that such actions should be implemented not only at the level of state administration, but also with active involvement of the business sector. Combating climate

change is a global challenge and, from this point of view, it is particularly important to establish effective partnerships in order to counteract this phenomenon. We are aware of the environmental challenges caused by the excessive anthropogenic emissions of greenhouse gases, as well as of the social concerns that accompany them. Therefore, while implementing our Responsibility Strategy, we are undertaking a number of actions allowing us to reduce our carbon footprint and achieve climate neutrality in own operations.

We intend to achieve climate neutrality in own operations by the end of 2025, and strive to continue to decarbonise our value chain.

Our contribution

Solutions offered in the convenience ecosystem are used by nearly three million customers per day, and over seven thousand franchisees and several hundred business partners support us in achieving our business goals. The scale of our operations means that we have an impact on the environment, but also offers the opportunity to work together to combat climate change. We want to make it easier for customers to make sustainable choices, and we suggest our franchisees and business partners to conduct their business activity in a responsible manner and to join forces in minimising our environmental footprint. In the Żabka Group, we approach the issue of reducing CO₂ emissions in a comprehensive manner. Our decarbonisation plan supports stopping the increase in global temperatures at 1.5°C, as confirmed by the Science Based Target Initiative (SBTi). The plan's objectives cover both our own operations and



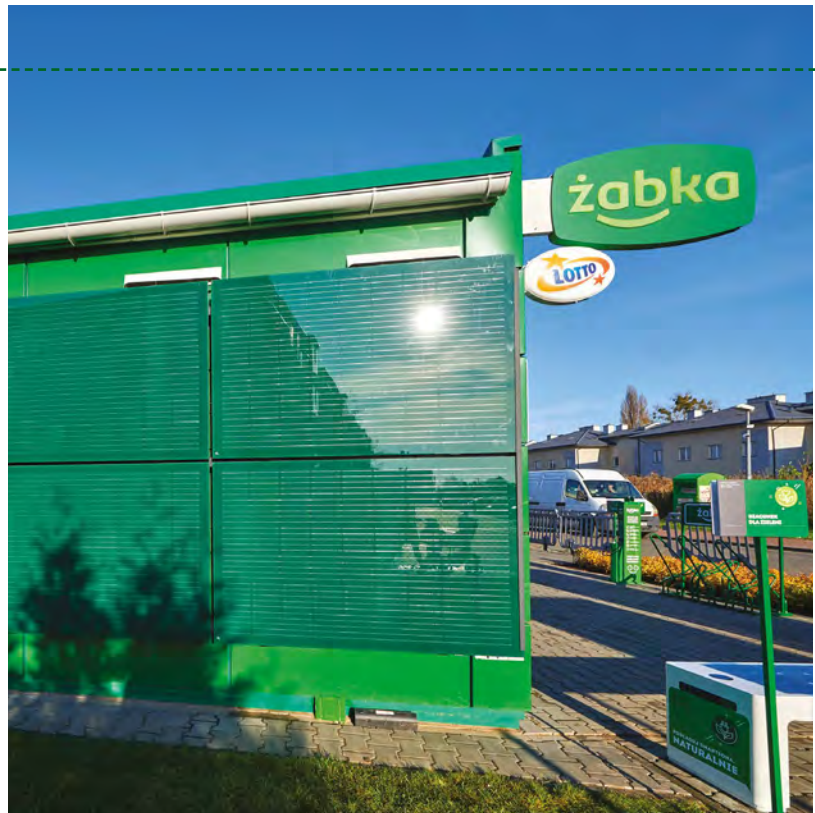
the entire value chain. We work together with our employees to achieve climate neutrality in own operations by 2025, and partner with franchisees to reduce the intensity of scope 3 in-store emis-

sions by 70% by 2026. We also encourage business partners responsible for 75% of our procurement expenditure in setting reduction targets, sharing knowledge and inspiring to change.

¹ www.ziemianieatakuj.pl

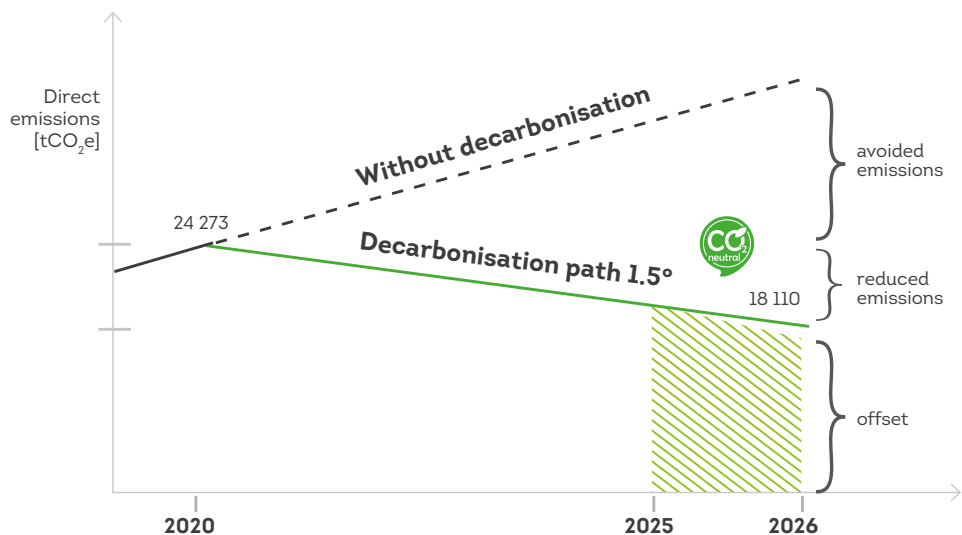
The ecosystem in practice

The purpose of the Žabka Group is to supply all its own operations with electricity from renewable sources. The Maczfit brand is a perfect example of such an approach, as starting from 2021, it has been preparing meals for customers exclusively with the use of green energy. The Company is able to partially satisfy its own needs by means of solar panels installed at the plant. They allow to cover approx. 30% of the annual energy required by Maczfit's production and office facilities. In addition, implementation of the decarbonisation plan is also supported by Žabka Nano, Europe's largest chain of autonomous stores. Their innovative camera-based technology is powered by electricity derived exclusively from renewable sources.



What have we done so far?

We are the first retail chain in Central and Eastern Europe whose decarbonisation targets have been verified and validated by SBTi – an initiative that defines, promotes and validates methods for determining greenhouse gas emission reductions based on the most recent scientific knowledge. In 2021, we launched a number of initiatives aimed at reducing the carbon footprint in our own operations, in accordance with the decarbonisation plan we had adopted. Thanks to our actions, we have reduced the carbon footprint in our own operations by 29%, while maintaining the overall business growth rate. We also achieved the target related to supplying our operations with electricity generated, in 100%, with the use of renewable energy sources. In 2021, we announced our commitments and invited business partners to join in. We started conversations



in which, together with our key business partners, we are committing to taking coordinated action to reduce emissions. We held twenty-two deep-dive meetings

with key partners. One of those meetings was climate-neutral, as we purchased an offset package compensating for its carbon footprint.

Selected activities performed in 2021

Building a low-emissions distribution centre

The construction of a state-of-the-art distribution centre (DC) located in the vicinity of the town of Radzymin (close to Warsaw) began in mid-January 2021. The DC will be equipped with innovative automated solutions which will not only accelerate the pace at which our stores are served, but will also improve the quality of service for franchisees and minimise environmental impact. Implementation of the tri-generation system will significantly increase the process efficiency of generating energy needed to power, heat, cool and ventilate the building. Low CO₂e emissions will be also guar-



anteed by photovoltaic panels installed on the roof of the building. These solutions guarantee that our operational efficiency will improve several times, thus reducing energy consumption. The DC will be 100% powered by electricity from

renewable sources, and will be commissioned in the second half of 2022. In the future, renovation of some of the remaining distribution centres is planned in order to implement the individual solutions developed during the construction phase.

Electric vehicle fleet in the pilot phase

We are implementing a pilot phase of the programme under which heavy goods vehicles will be procured in partnership with two entities. Since 2019, we have been testing zero-emission commercial vehicles in cooperation with the Volkswagen Group. We use four electric ABT transporters and two e-Crafter vans. We have also invested in our own electric car charging stations at the distribution centres in Nadarzyn and Plewiska, and in our headquarters. In 2021, we started cooperation with Volvo Polska, testing a zero-emission refrigerated Volvo FL Electric truck. It is used for delivering goods to stores in the Silesia region. It is the first fully electric distribution truck in Poland that was for working in the city. We are also gradually modernising our fleet



of passenger cars and are conducting tests aimed at replacing combustion engine vehicles with their electric and hybrid counterparts. New electric and hybrid

cars reduce greenhouse gas emissions and noise levels, so that they can be successfully used in clean transport zones.

¹ www.ziemianieatakuj.pl

Testing green solutions in our stores

Our store in the Warsaw's Białołęka district serves as proving grounds for solutions aimed at reducing our environmental impact. We are testing solutions in the areas of green energy, transport, clean air and circular economy. The store uses photovoltaic panels, the quantum dots technology, a kinetic floor that transforms steps into energy and anti-smog paving bricks supplemented by a green wall absorbing dust and smog. Innovative cooling equipment and refrigerants with low greenhouse effect potential are used in the store. An EKOmat machine and an electric car charging station are located in front of the store as well. The store is 100% powered by renewable energy. Based on experience from pilot



programmes conducted at the Warsaw store, we have introduced new solutions to our chains, including freezer cabinets with the zero-heating doors technology, adaptive lighting, as well as new refrigerators with lower global warming poten-

tial. Thanks to the initiatives introduced, we have reduced greenhouse gas emissions by more than 1,300 tCO₂e, and we have also reduced electricity consumption by almost 261 MWh.

Lowering emissions in the supply chain

Our suppliers of goods and services are responsible for 68% of scope 3 carbon footprint emissions, which is why we involve partners from various industries in search of innovative solutions to reduce emissions in the value chain. An example is cooperation with the carbon neutral brand Goodvalley, whose products have a zero carbon footprint, and Grupa Żywiec, which uses only electricity from renewable sources in its production process. We also look for emission reduction opportunities through convenient services, as we reduce emissions through delivery to pickup points in cooperation with InPost and other logistics operators in Poland. Delivering a parcel to Żabka generates a lower carbon footprint than direct delivery to the customer personal address.



By encouraging conscious food choices, we are also expanding the range of plant-based products as an excellent alternative to animal products. We have introduced

products of such brands as Garden Gourmet, Dobra Kaloria or Alpro. In 2021, we also created our own 100% plant-based brand, Plant Hunter.

4.2 Circularity

Why is this important?

The linear production model that has been in use so far results in increased use of natural resources and in a higher amount of waste generated that exceeds our planet's production capacity. Current challenges related to the level and manner of consumption require real efforts on the part of the business community to promote more conscious and responsible consumer choices. Researchers point out that linear management leads to soil erosion, loss of biodiversity and accumulation of carbon

dioxide in the atmosphere. Studies show that the amount of resources consumed by humanity exceeds, by 74%, the planet's regeneration capacity.¹ In the Żabka Group, we support the circular economy model – we optimise the use of raw materials and strive to reuse them by engaging our consumers, franchisees and other business partners in the entire process.

Serving nearly 3 million customers each day, we are aware of the role we can play in reducing plastic consumption and in encouraging customers to make choices that are good for the planet.

Our contribution

A business model based on immediate consumption poses challenges with regard to the packaging waste management. Adapting business operations to the principles of circular economy requires comprehensive changes and solutions in many areas of our activity, involving not only our Group, but also more broadly, our entire value chain. We also encourage our customers to process raw materials in a circular manner. That is why we are placing, on the packaging of our own brand products, markings specifying where a given part of the packaging should be disposed of – the color of the markings is consistent with the uniform color system used for dividing waste into five different fractions. Franchisees support us through cooperation under the Naturally Together programme, allowing to recycle the collected packaging materials (foil and wastepaper).



¹ www.ziemiaNieatakuj.pl

The ecosystem in practice

At the end of 2021, plastic trays in which Maczfit dishes are delivered were converted from black to milk-coloured. It is more often the case that recycling companies have, at their disposal, technologies suitable for the treatment and reuse of waste in that particular colour. Therefore, the food industry is increasingly more inclined to using such a type of packaging. This translates into a higher level of recycling of this packaging category. In addition, plastic cutlery has been replaced by its bamboo-based equivalent.

In 2021, we introduced 100% recycled paper bags with an FSC certificate - guaranteeing that raw materials



originate from sustainable sources. Such bags are used both by Maczfit (when supplying box diets) and by Żabka Jush!

or Delio when their services include a delivery to specific location.

What have we done so far?

In 2021, we once again achieved plastic neutrality in own operations. This means that together with customers and business partners, we collected as much plastic as we introduced into the market in own label products and materials used in stores. This objective has been achieved by implementing a number of measures that adapt our business model to the requirements of circular economy. Under the Naturally Together programme, we provided our franchisees with access to a tool allowing them to recycle plastics and waste paper. This enabled us to collect nearly 14,500 tonnes of recycling materials. Our customers are also encouraged to participate in packaging recycling - special containers for plastic bottles are available at nearly fifty stores in Warsaw. The plastic collected is used to create new packaging for the OD NOWA brand



bottled water. We are testing EKOmats - machines for collecting beverage packaging and aluminum cans at twenty-five locations in Poznań and Warsaw. The packaging of our own brand beverages (Foodini, Wycisk, OD NOWA) and S! shots is made exclusively of recycled bottles, meaning that their carbon footprint is

reduced by 33%. By replacing packaging containing elements that are difficult to recycle with fully recyclable packaging and by designing it in accordance with the Eco-design Policy we have adopted, we managed to achieve a rate of 94% packaging of own brand products that is either recycled or is suitable for recycling.

Selected activities performed in 2021

We joined the Polish Plastic Pact

The pact is part of the global Plastics Pact Network operated by the Ellen MacArthur Foundation. More than four hundred companies responsible for introducing 20% of packaging to the global markets, institutional stakeholders, non-governmental and industry organisations, as well as scientific centres and investors participate in the initiative globally. The aim of the Polish Plastic Pact is to change the current model of using plastics in packaging materials, to ensure that the principles of circular economy are followed. Members of the Pact shall take effort to increase the recycling rate and,



consequently, reduce the carbon footprint. They also commit to initiate consumer awareness projects and contribute to increasing the level of correct segregation



of packaging materials. The objectives set by the signatories of the Pact for the period until 2025 reach beyond the legal regulations in force in Poland.

We have implemented the Circularity Policy for Plastic

It allows our business partners to be involved in activities that maximise our impact on ensuring circularity of plastic use throughout the entire value chain. The policy will be implemented gradually, in cooperation with all business partners. It is based on the original green circulation model, which provides guidance on responsible resource management in seven areas: eco-design, resource-conscious creation, sustainable distribution, responsible sales, conscious consumption, efficient collection as well as comprehensive recovery and recycling. We have established a set of clear principles we follow in our endeavors towards circularity, and we are applying accountability rules to the entire process – from design, to ensuring a second life and revitalising the environment.



We have developed our Eco-design Policy

The Policy serves as a roadmap, presenting clear rules for designing and selecting suitable raw materials for the packaging of own brand products and for materials used in stores. It is based on four principles: loop, reduce, simplify and communicate. We reduce the weights and volumes, as well as promote reusable types of packaging. When designing packaging, we place an emphasis on the choice of materials and the use of recycled products. Components that are preferred in recycling processes are given priority as well. We simplify the form of packaging by ensuring its shape allows the product to be emptied. Using a system of pictograms placed on the packaging, we offer consumers advice on which fraction of waste should it be disposed of to after the contents have been used. In accordance with the Policy,



we avoid contrast colours, soot-based pigments and solid, inseparable labels made of materials other than the pack-

aging itself. All these measures make the packaging easier to recycle.

Eliminating plastic and foil packaging

We have replaced plastic coffee cup lids and shopping bags with their equivalents made of paper with the FSC certificate. Such an approach ensures that at least one new tree is planted for each that has been felled. The paper used in the manufacture of shopping bags and coffee cup lids decomposes naturally over the course of several weeks. Due to these changes, we have reduced the use of plastic by approximately one thousand tonnes per year. We are developing solutions with our suppliers to reduce the use of foil packaging in our products. Thanks to cooperation with Carlsberg Poland, we introduced to the market six-packs of beer relying on Snap Pack technology. Instead of wrapping cans with foil, they are attached to each with the use of adhesive. This reduces the consumption of foil by as much as 82% compared to standard packaging.





About the report

The fourth Responsibility Report summarises the activities Żabka Group undertook under its Responsibility Strategy in 2021.

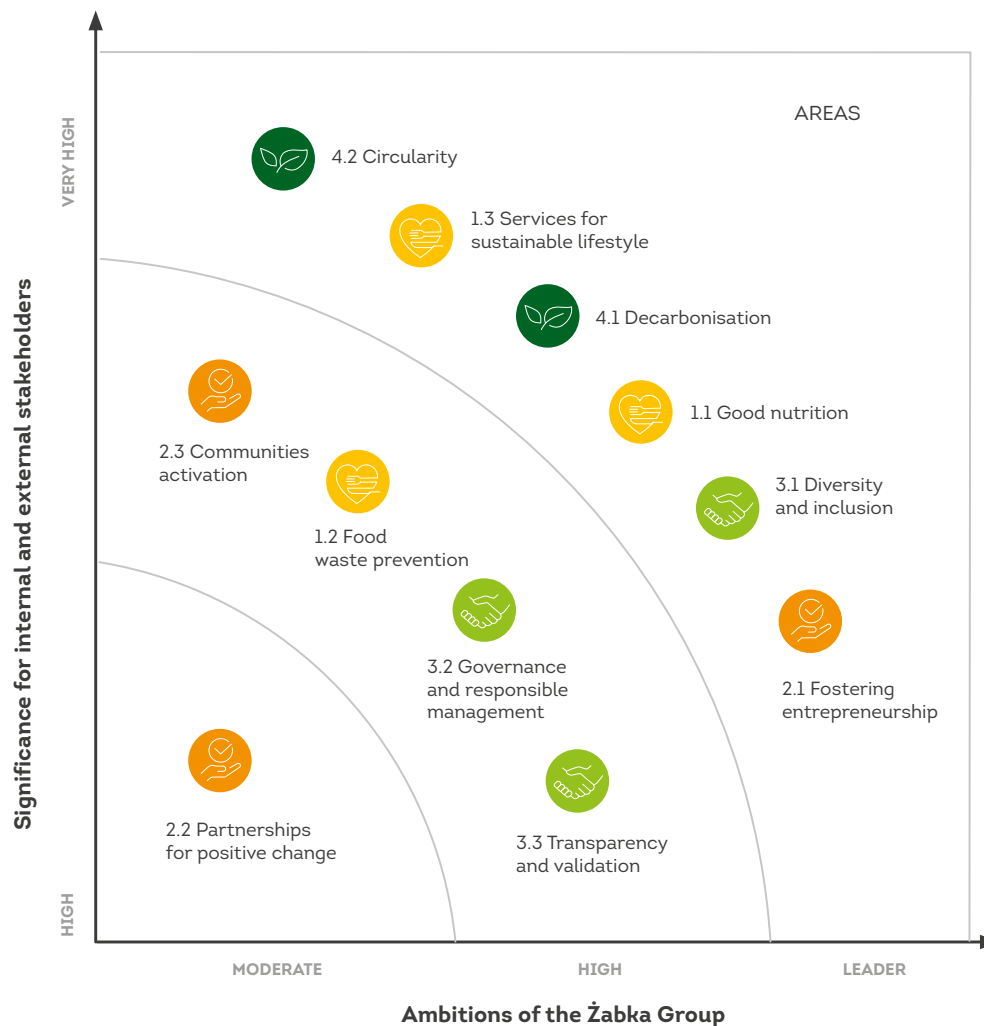
2021 Responsibility Report

Materiality assessment process

Operations of the Žabka Group are based on a continuous dialogue with stakeholders. We engage them, using various communication channels, in activities focusing on sustainable development and doing business in a responsible manner. Their opinions have been taken into account, among other things, when drawing up our Responsibility Strategy. By conducting a study among more than 1,600 employees, franchisees and customers, we intended to learn and

understand the environmental and social needs of each of those groups, and to verify the potential of our influence in these areas. Having identified those aspects of our operations that are of key significance for our stakeholders, we prioritised and validated them in accordance with applicable international guidelines. Analysis of the responses received allowed us to develop specific pillars of the Strategy and translated into the selection of strategic areas and

objectives assigned to them, which aim at strengthening the company's already existing positive economic, social and environmental impact (real and potential), and at reducing the negative impact, where such was identified. The list of relevant topics has not changed compared to the previous year.



Impact and management of material aspects

We have analysed the impact of the Żabka Group on society, the economy and the environment through the activities carried out within each of the eleven strategic areas of the Responsibility Strategy.

We have also defined those activities that are most significant from the point of view of three aspects. Impact management methods applies within the identified strategic areas are presented in chapters

corresponding to the different strategic pillars, and their results are presented and discussed in tables presenting 2021 results related to the objectives defined in the Responsibility Strategy.

Pillar 01: Sustainable lifestyle

- Strategic areas:**
- 1.1 Good nutrition
 - 1.2 Food waste prevention
 - 1.3 Services for sustainable lifestyle

The measures taken by the Żabka Group to promote a sustainable lifestyle exert a positive impact on society and the economy. The positive impact on the economy stems mainly from the development of products supporting a healthy and balanced diet, as well as services and solutions supporting a sustainable lifestyle. This is also relevant in the social dimension. In both cases, new products and services are created based on the analysis of trends and consumers' expectations and constitute

a response to their changing needs. The moderate negative impact of the Żabka Group on the environment, resulting from the growing use of raw materials due to the expansion of its network. In order to mitigate our impact, we are striving to prevent food waste in own operations. We also analyse our value chain, are look for potential solutions which are then tested and implemented together with our franchisees, and are working on policies and procedures concerned

with responsible and sustainable use of resources. In the Żabka Group, impacts related to the Sustainable lifestyle pillar are managed through a number of policies and procedures, including: Sustainable Palm Oil Policy, Procedure for introducing Żabka Polska own brand products, Supplier Quality Qualification Manual, documents related to compliance with ISO 22001, Code of Conduct for Business Partners.



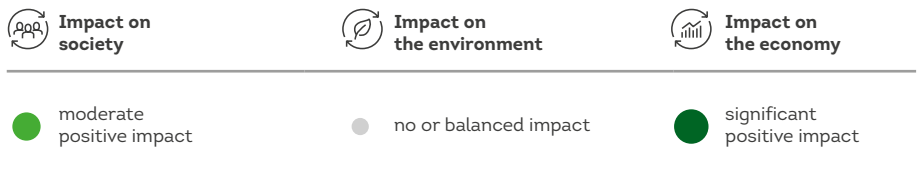
Pillar 02: Mindful business impact

- Strategic areas:**
- 2.1 Fostering entrepreneurship
 - 2.2 Partnerships for positive change
 - 2.3 Communities activation

We are one of the biggest franchisors in Poland and we have a real impact on the Polish economy. The significant positive economic impact of the Żabka Group results mainly from activities that foster entrepreneurship and from building partnerships for positive change. We have introduced a comprehensive system of supporting franchisees, including through a long-

term business risk mitigation programme, and are offering a functional set of tools to improve their financial performance and to manage their business operations more effectively. We are successfully reducing the level of turnover of our franchisees. Despite the dynamically changing commercial and services markets, this remains one of our strategic commitments.

In the Żabka Group, impacts related to the Mindful business impact pillar are managed through a number of policies and procedures, including: Franchise agreement, documents related to the functioning of the Franchisee Council, Social Engagement Strategy, Code of Conduct for Franchisees.



Pillar 03:

Responsible organisation

Strategic areas:

- 3.1 Diversity and inclusion
- 3.2 Governance and responsible management
- 3.3 Transparency and validation

Our efforts to increase transparency and boost credibility have a positive impact on the economy, society and the environment. They also contribute to establishing cooperation with financial institutions looking for business partners who take ESG factors into account in their operations. Publication of the Responsibility Report fits in with one of the Group's core values, which is openness and the transparency that comes with it. Initiatives such as the EcoVadis rating, extension of the existing compliance system to include the Code of Conduct for Business



Impact on society

moderate positive impact



Impact on the environment

moderate positive impact



Impact on the economy

moderate positive impact

Partners, integration of ESG goals into the annual employee performance evaluation and completion of the first stage of the EQUAL-SALARY certification process contribute to promoting, in cooperation with our partners, responsible business conduct, improving the quality of jobs offered and combating inequalities. In the Žabka Group, impacts related to the Responsible organisation pillar are managed through a number of policies and procedures, including: Risk Management Policy, Tax Transparency Policy, documents related to the requirements of ISO 45001 and ISO 27001, Equity Policy, Code of Conduct and Ethics for Employees,

Anti-mobbing Policy, Work Regulations, Procedure for Handling and Acceptance of Gifts and Samples, Conflict of Interest Management Procedure, Procedure for Reporting Irregularities, Compliance Policy, Anti-Corruption Policy, Forensic Procedure, Procedure for Donation and Sponsoring, Code of Conduct for Business Partners, Procedure on Good Commercial Practices, Procedure for Verification of Business Partners.

Pillar 04:

Green planet

Strategic areas:

- 4.1 Decarbonisation
- 4.2 Circularity

The production of goods and services offered under the convenience ecosystem exerts a moderate negative impact on the environment. This is due to the use of natural resources in the production processes. As part of the Green Plan pillar, acting together with our business partners, we implement the decarbonisation plan and undertake a number of initiatives aimed at adapting the business model



Impact on society

no or balanced impact



Impact on the environment

moderate negative impact



Impact on the economy

no or balanced impact

to the requirements of circular economy. We are working on reducing energy consumption and continue looking for zero-energy sources. We are also launching pilot solutions ensuring materials circularity and strengthening our impact by establishing business partnerships. We encourage our customers to properly segregate waste from our own brand products, by placing dedicated labels on their packaging.

In the Žabka Group, impacts related to the Green planet pillar are managed through a number of policies and procedures, including: Energy Policy, Plastic Circularity Policy, Eco-design Policy, ISO 14001 environmental management standard and ISO 50001 energy management standard.

Legend:



significant positive impact



moderate positive impact



no or balanced impact



moderately adverse impact



significantly adverse impact

Stakeholder groups and their engagement

Due to the impact exerted and its scale, the Group distinguishes six key stakeholder groups. We regularly communicate with each of them and their needs and expectations related to our activities are taken into account in key decision-making processes.

Customers and consumers – it is our goal to simplify our customers' lives and support them in making sustainable choices. In each area of our activity, we strive to be close to customers and consumers and to offer services that correspond to their needs. We identify those needs by conducting monthly satisfaction surveys (NPS). In response to their expectations, we introduce a number of tools and solutions. Due to the rising level of awareness related to the

impact of packaging on the environment, we strive to ensure plastic circularity in own operations. We are introducing a mechanism to prevent food waste (Good Package), complying with the requirements of the responsible product sales approach. We use the Żappka app to analyse consumers' purchasing behaviors, adapt our offering to the preferences of each customer improve the quality of service, and engage in charity work.



"Best Product 2021 – Consumers' Choice" in a study commissioned by Wydawnictwo Gospodarcze, conducted by Instytut GfK Polonia



Excellence Awards 2021

Franchisees – we support the business success of thousands of entrepreneurs throughout Poland. We support franchisees in opening and running their stores; we are constantly expanding the catalogue of services supporting their daily operations under the Żabka brand. We focus on partner-like relations and listen carefully to the recommendations of the Franchisee Council. We provide advisory support in the daily operation of stores – our sales partners support franchisees, inter alia, in optimising the range of products offered or managing stock levels. In 2021, we continued the "Station: Innovation"

ambassador programme engaging franchisees in the assessment of solutions that are planned or have already been implemented. 500 franchisees applied to participate in the programme and expressed their willingness to jointly develop digital tools supporting the management of stores. We are verifying the level of satisfaction of franchisees via the satisfaction survey (NPS). Increasing the satisfaction level and lowering the voluntary churn rate are our strategic objectives. Being a co-author and signatory of the Code of Good Practices in the Franchise Market, we guarantee the highest standards of cooperation.



2021 Gold Laurel of "Super Biznes" in the fostering Entrepreneurship category



2021 Trustworthy Brand in the "Supportive Company" category, in a survey conducted by Kantar Polska to the order of the publisher of *My Company Polska*

Business Partners – in 2021 we cooperated with 548 suppliers, including 523 companies from Poland. Suppliers of the Żabka Group differ in terms of volume of deliveries – 58.6% of the value of goods purchased in 2021 originated from our ten largest suppliers. In the NFS survey conducted among the suppliers, Żabka Group achieved the highest score among over twenty retail chains, improving its result from the preceding year, when we ranked second. We are a credible and trustworthy business partner fostering the economic growth of a number of domestic entities. We attach particular importance to environmental

partnerships – together with our partners, we are aiming towards decarbonisation and implementing circular economy solutions. We identify the expectations of our business partners not only during our daily contacts, but also during dialogue sessions and while working together on implementing Green Planet programmes. Our Venture Studio allows us to establish cooperation with start-ups and support new innovative entities serving as our partners in developing the range of ESG tools and services.



"Retailer of the Year 2020 – Suppliers' Choice" award and "Retailer of the Year 2020 – Suppliers' Choice" award in the category of Small Format/Convenience Chain



Date Drivers Award 2021 (Data Sharing Leader EMEA Award 2021) received in an annual competition organised by Snowflake

Local communities – we serve nearly three million customers per day and we operate in close proximity to local communities. We want to increase our positive impact on our social environment. The Social Engagement Strategy for the Żabka Group allows us to provide real and effective assistance in those areas in which our impact is the strongest. Intending to define what is important to us, we have carried out a detailed analysis of surveys diagnosing the current social needs. Consequently, we have identified three strategic pillars: Well-being, Neighbourhood and Equal Opportunities. Based on our experience

so far, we intend to exert a true, positive impact in those areas. Continuing our philanthropic activity, we focus on implementing specific social measures. We closely monitor charity campaigns to participate in, such as the auction of Maria Andrejczyk's Olympic medal, and continue our annual commitment to the activities of Wielka Orkiestra Świątecznej Pomocy. Acting together with our franchisees, we ensure the growth of local communities – eight editions of the "Safe Internship with Żabka" programme offered real support for young people who are in a difficult social situation and at risk of exclusion.

Employees and co-workers – we create more than two thousand direct jobs. We ensure the success of the Żabka Group through a team of innovative and committed employees. We maintain a continuous dialogue with employees, including through regular company meetings (town halls), serving as a venue for identifying needs and expectations, allowing us to hold Q&A sessions and answer key questions. We are open to employee initiatives. Through the "Your Żabka" intranet site, they can submit ideas concerning new products, services or internal tools. Once a quarter, the Council of Employees, with the participation of the Member of the Management Board

in charge of the People Strategy, is held. It serves as a venue at which issues related to internal occupational health and safety management system are discussed, among other things. We measure the satisfaction of employees with the work they perform by conducting an NPS survey, and monitor the level of their engagement using the Gallup Institute method. Conclusions drawn from those surveys allow us to improve our workplace by introducing further systemic solutions or tools responding to specific needs. The Code of Conduct and Ethics for Employees and the Equity Policy support the creation of a value-based working environment that fosters diversity.

Investors and institutions – we are proud of the trust that global leaders of the Private Equity market have placed in us. The Żabka Group is making every effort to meet the growing expectations of its investors. Today, their attention focuses not only on financial performance, but also on the credibility of business operations and on transparent communication. We use the meetings of the Supervisory Board as an opportunity for holding dialogue and constructive debates on the future of our business. We also hold individual conversations and deep-dive thematic sessions with representatives

of investor groups in order to respond to their expectations concerning the Group's areas of impact. Reports summarising our activities, with a particular emphasis placed on the Responsibility Report and the Climate Report, are another of the methods of communicating with investors. In line with our strategic commitment, we are increasing our transparency and credibility by regularly undergoing external verification processes concerned with sustainability. We are taking every effort to cooperate with those who are widely recognisable and rely on transparent methodologies, thereby building confidence of investors and institutional stakeholders.



Ragan's Workplace Wellness Awards in the Social Initiative category



Green Company 2021 in a report by Gazeta Finansowa



Best Quality Employer 2021 for Żabka Polska. Award of the National Certification Chapter



Best Employer 2021 in the ranking of Gazeta Finansowa



Main Award in the Sustainable Development Report category in the Contest of Sustainable Development Reports



EcoVadis sustainability rating – Platinum Medal for Żabka Polska 2022

Information regarding the publication

Reporting standards

This report has been made in accordance with the latest version of the international non-financial reporting standard by GRI Universal Standards which shall only become formally effective from 2023, and in line with the recommendations of the Sustainability Accounting Standards Board (SASB). Additionally, we included information on activities aimed at implementing ten United Nations Global Compact principles, in accordance with the Communication

on Progress (CoP) guidelines implemented through a platform of the same name, and took advantage of the recommendations contained in the publication of the World Economic Forum – Measuring Stakeholder Capitalism: Towards Common Metrics and Consistent Reporting of Sustainable Value Creation. The report also includes information on our contribution to the achievement of the UN Sustainable Development Goals. A full list of GRI indicators and other,

supplementary guidelines the publication refers to is presented in the table at the end of the report, along with the location of their disclosure and with information on compliance with previously listed documents. The selected GRI indicators disclosed in the report have been independently verified (limited assurance engagement), in accordance with ISAE3000.

Entities covered by the report

This report describes the practices undertaken by Żabka Group as part of its convenience ecosystem. The organisational structure of Żabka Group comprises the following: Żabka Polska sp. z o.o., Żabka Automated Logistics, Żabka Property Found, Żabka Development, Żabka Construction, Żabka Nano, Logistics Property Investment, Retail Technology Investments, Maczfit, Dietly.pl, and Lite e-commerce. The detailed tasks of each entity are described on the corporate website at www.zabkagroup.com. All entities described in the report are included in the consolidated financial

statements. Companies subject to non-financial reporting are defined on the basis of the operational control criterion taking into account the significance of the impact of individual entities on relevant areas of activity. As a result of the application of these criteria, the data contained in this report pertain to Żabka Polska Sp. z o.o. The fourth edition of the "Conveniently and Responsibility" Report pertaining to 2021 was published in June 2022 and presents the activities undertaken as part of the Responsibility Strategy. It also contains quantitative and qualitative data for 2021.

Selected pieces of information may be related to periods other than 2021, in which case relevant comments are included in the wording of the report. Żabka Group draws up sustainable development reports on an annual basis. Previous editions of the Responsibility Report and Financial Statement were published in 2021 and concerned 2020.

Adjustments to previous periods

1. GRI 302-1

– Energy consumption within the organisation

Data for 2020 incorrectly classified LPG as a natural gas. In Q4 2020, we launched a distribution centre in Wrocław which uses LPG, not natural gas. Values for 2020 before the adjustment in MWh: natural gas – 10,828, with LPG included, total energy consumption in the organisation – 48,394. Value for 2020 after the adjustment, in MWh: natural gas – 10,505, LPG – 808, total energy consumption in the organisation – 48,879.

2. GRI 302-3

– Energy intensity

Data in 2020 presented energy used by the organisation and outside of the organisation as a single number. Additionally, the adjustment considers the change in the value of the energy used by the organisation in 2020. Value for 2020 before the adjustment, in MWh / million PLN: energy intensity ratio – 40.9. Value for 2020 after adjustment, in MWh / million PLN: energy intensity as the ratio of total energy consumption by the organisation to sales revenues – 4.8; energy intensity ratio as the ratio of total energy consumption outside the organisation to sales revenues – 36.1.

3. GRI 305-1

– Direct (Scope 1) GHG emissions

The figures for 2020 have been revised according to the change in Indicator 302-1, regarding the values for natural gas and LPG. Value for 2020, before adjustment, in tCO₂e: fuel consumption for heating purposes – 1,982, total direct emissions – 13,261. Value for 2020 after adjustment, in tCO₂e: fuel consumption for heating purposes – 2,109, total direct emissions – 13,388.

4. GRI 305-3

– Other indirect emissions

Data reported for 2019 and 2020 were calculated using the EEIO (Environmentally extended input-output) calculation model and were based on the Exiobase2 database. Due to a significant improvement in the quality of information contained in the EEIO model, resulting from the change to the Exiobase3 database, indicators related to greenhouse gas emissions (scope 3), as presented in the previous report, have been recalculated as well. Values presented in goods and services purchased and capital expenditure categories have

been modified. In the franchisee category, calculation for heat from the public grid used in one store was excluded due to immateriality. In addition, in the process of validating decarbonisation targets by SBTi, a materiality threshold has been set for the individual emission categories resulting from the GHG Protocol. It has been established that the waste and business travel categories are below this threshold and will not be reported in 2021. The value in 2020, before the adjustment, in tCO₂e: purchased goods and services – 1,774,695,

capital goods – 316,666, waste – 905, business travel – 57, franchisees – 343,188, total of other indirect emissions – 2,458,630. Value 2020 after adjustment, in tCO₂e: purchased goods and services – 1,338,071, capital goods – 275,577, waste – insignificant, business travel – insignificant, franchisees – 343,184, total indirect emissions – 2,029,965.

5. GRI 305-4

– Emission Intensity

Data for 2020 for scope 3 and for the total value have been recalculated due to the change in the 305-3 GRI. Value for 2020 before the adjustment, in tCO₂e/million PLN: emission intensity scope 3 – 241, total – 244. Value for 2020 after adjustment, in tCO₂e /million PLN: emission intensity scope 3 – 199, total – 202.

6. GRI 306-3

– Waste

The data reported for 2020 included the weight of waste containing packaging materials from stores that were transferred by franchisees for recycling under the Naturally Together Programme. The value of the indicator was adjusted to exclude the weight of waste generated by franchisees. Value for 2020 before adjustment in tonnes: recycling – 15,098, total – 17,356. Value for 2020 adjusted, in tonnes: recycling – 10,073, total – 12,331.

7. GRI 403-9

– Number of accidents at work

The data reported for 2020 included accidents affecting co-workers as well. We are not legally obliged to keep accident records for this group, but we are working on expanding our OHS reporting processes to make sure that we are able to report this specific indicator, in the future, in relation to both our employees and co-workers. Value in 2020 before the adjustment: 22, value in 2020 after the adjustment: 17.

8. GRI 301-2

– Recycled input materials used

Data for 2020 were reported incorrectly. The value for 2020 before adjustment: 12.4%. The value for 2020 after adjustment: 10.1%

9. Adjustments of Responsibility Strategy objectives

a. 1.2 Food waste prevention – updated wording of the goals and target values, along the defined, long-term strategy for optimising losses in own operations. The updated wording of the targets is found in the chapter containing the pillar: Sustainable lifestyle.

b. 3.1 Diversity and inclusion – update of the wording related to the employee turnover, made due to the strong dynamics of change in the labour market related to post-pandemic changes and the macroeconomic situation. The time horizon for achieving this goal has been extended to 2025.

c. 4.1 Decarbonisation – updated the wording of objectives and the targets in connection with joining the SBTi initiative. The current wording of the objectives is presented in the chapter on the Green planet pillar.

d. 4.2. Circularity – replacing the term “packaging materials” with “packaging” – based on a retail analysis of own brand product packaging performed by an independent expert, we changed the name of the circularity target and the manner in which it is calculated.

Quantitative and qualitative data

[GRI 2-7] Employees

	2019			2020			2021		
	Females	Males	Total	Females	Males	Total	Females	Males	Total
Number of employees, by seniority									
employed for a definite period of time	140	302	442	136	402	538	195	340	535
employed indefinitely	523	737	1,260	616	870	1,486	693	995	1,688
Number of employees by type of employment									
full time	658	1,036	1,694	739	1,271	2,010	875	1,334	2,209
part-time	5	3	8	13	1	14	13	1	14
Total number of employees	663	1,039	1,702	752	1,272	2,024	888	1,335	2,223

Data refer to the number of employees calculated as of 31.12.2021. Increase in number of employees is proportional to the scale of business growth.

[GRI 2-8] Workers who are not employees

Number of co-workers who are not employees broken down by:	2019			2020			2021		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
employed under a contract of mandate	61	51	112	45	32	77	46	38	84
employed under a deed contract	0	0	0	0	0	0	1	0	1
employed under an internship contract	0	4	4	3	6	9	4	5	9
self-employed	293	454	747	324	493	817	381	543	924
Total number of co-workers	354	509	863	372	531	903	432	586	1,018

Data refer to the number of co-workers calculated as of 31.12.2021. Increase in number of co-workers is proportional to the scale of business growth. Services provided by co-workers is advisory in nature and is performed in all business areas of the company.

[GRI 405-1] Diversity of governance bodies and employees*

2021	Percentage of employees from each category compared to the total number of employees in the organisation			Percentage of Management Board members by age and gender			Percentage of the Supervisory Board members by age and gender		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
aged <30	13.0%	16.1%	29.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
aged 30-50	25.5%	39.0%	64.5%	33.3%	50.0%	83.3%	0.0%	20.0%	20.0%
aged >50	1.5%	4.9%	6.4%	16.7%	0.0%	16.7%	0.0%	80.0%	80.0%
Total % by gender	40%	60%	100%	50%	50%	100%	0%	100%	100%
Including foreign nationals	1.0%	2.6%	3.6%	0.0%	0.0%	0.0%	0.0%	80.0%	80.0%

2021	Percentage of employees in each group in relation to the total number of employees in the organisation according to a given criterion						
	aged <30	aged 30-50	aged >50	Total	Female	Male	Total
operational positions	6.1%	10.1%	2.7%	18.9%	1.4%	17.5%	18.9%
specialists	8.3%	13.2%	1.7%	23.2%	9.7%	13.5%	23.2%
independent specialists	13.6%	23.4%	1.0%	38.0%	21.2%	16.7%	38%
managerial staff/experts	1.1%	13.7%	0.7%	15.5%	6.5%	9.0%	15.5%
senior managerial staff	0.0%	2.9%	0.2%	3.1%	0.8%	2.4%	3.2%
top managerial staff	0.0%	0.9%	0.1%	1.3%	0.2%	0.8%	1.0%
Management Board	0.0%	0.2%	0.0%	0.3%	0.1%	0.1%	0.3%

*Total values exceeding 100% result from rounding the numbers up or down.

[GRI 401-1] New employee hires and employee turnover

Total number of new employee hires in a given category	Number of new employee hires	Rate of new employee hires	Number of new employee hires	Rate of new employee hires	Number of new employee hires	Rate of new employee hires
	2019	2019	2020	2020	2021	2021
Female	143	21.6%	145	19.3%	208	23.4%
Male	285	27.4%	417	32.8%	339	25.4%
aged <30	234	42.2%	289	44.8%	257	39.7%
aged 30-50	185	17.7%	258	20.6%	271	18.9%
aged >50	9	8.8%	15	11.9%	19	13.4%
Total	428	25.1%	562	27.8%	547	24.6%

Total number of employee turnover (per person), by:	Number of employee turnover	Rate of employee turnover	Number of employee turnover	Rate of employee turnover	Number of employee turnover	Rate of employee turnover
	2019	2019	2020	2020	2021	2021
Female	55	8.3%	55	7.3%	75	8.5%
Male	153	14.7%	184	14.5%	286	21.4%
aged <30	76	13.7%	99	15.4%	144	22.2%
aged 30-50	115	11.0%	129	10.3%	195	13.6%
aged >50	17	16.7%	11	8.7%	22	15.5%
Total	208	12.2%	239	11.8%	361	16.2%

Total number of employees by employment categories in 2021*:	Number and rate of new employees in a given group		Number and rate of employee departures in a given group	
operational positions	162	38.6%	160	38.1%
specialists	115	22.3%	73	14.2%
independent specialists	170	20.1%	90	10.7%
managerial staff/experts	83	24.1%	34	9.9%
senior managerial staff	11	15.7%	3	4.3%
top managerial staff	5	21.7%	1	4.4%
Management Board	0	0.0%	0	0.0%
Total	546	24.6%	361	16.2%

Reasons for termination of employment in 2021	percentage of departure
Employee's pension/death	1.7%
At the initiative of the employer	30.2%
At the initiative of the employee	68.1%

*Total values exceeding 100% result from rounding the numbers up or down.

[GRI 202-1] Ratios of standard entry level wage by gender compared to local minimum wage

	2019	2020	2021
Minimum wage in Poland (gross)	2,250	2,600	2,800
Ratio of standard entry level wage of women compared to local minimum wage	1.1	1.2	1.2
Ratio of standard entry level wage of men compared to local minimum wage	1.5	1.5	1.4

The roles at the lowest level vary greatly in terms of job characteristics. In 2021, the equal pay ratio for the entire organisation was 11.2%. In 2021, the company started the process of obtaining the EQUAL-SALARY certificate, with the gender pay gap analysis being a part of this process. analysis is carried out by an independent certification body. The company successfully completed the quantitative analysis process.

The qualitative analysis and the award of the certificate are planned for 2022.

[GRI 404-3] Percentage of employees receiving regular performance and career development reviews, according to gender and employment category.

In 2021, the share of employees subject to the regular job quality assessments equalled 100% and covered all employees regardless of gender or job category.

[GRI 404-1] Average hours of training per year per employee

Average number of training hours per criterion in 2021	
Female	28.8
Male	18.3
Total	22.5
operational positions	2.4
specialists	5.9
independent specialists	30.2
managerial staff/experts	43.5
senior managerial staff	55.5
top managerial staff	68.0
Average number of training hours	22.5

[GRI 403-9] Work-related injuries

	2019	2020	2021
Number of fatalities as a result of work-related injury	0	0	0
Number of high-consequence work-related injuries (excluding fatalities)	0	1	0
Number of recordable work-related injuries	12	16	15
Number of hours worked	2,652,800	3,186,400	3,564,200
Lost Time Injury Frequency Rate (LTIFR)	4.52	5.34	4.21

Data related to accidents are taken from the register of accidents kept by the company, according to the requirements of law. The accident frequency rate per million hours worked LTIFR = (number of accidents / number of hours worked) x 1,000,000

[GRI 301-1] Materials used by weight

2021	Total weight of materials that are used to produce and package the primary products and services	Weight of internally sourced materials [t]
raw materials	14,589.0	26.5
packing materials (including paper, cardboard and plastics)	759.2	0
Total	15,348.2	26.5

[GRI 301-2] Recycled input materials used

	2020	2021
Percentage of recycled materials used in the production process for plastics	10.1%	9.7%
Ratio of recycled materials to the total weight of materials that are used to manufacture the primary products and services.	2.4%	2.4%

[GRI 301-3] Reclaimed products and their packaging materials

	2020	2021
Products and their packaging materials reclaimed within the reporting period [t] reporting period	19,536.6	22,758.3
Products sold within the reporting period [t]	11,234.5	15,348.2
Percentage of reclaimed products and their packaging materials	173.9%	148.3%

Data are taken from product packaging fee reports and waste transfer cards.

[GRI 302-1] Energy consumption within the organisation

Direct energy consumption		2019 [MWh]	2020 [MWh]	2021 [MWh]
Total energy consumption from non-renewable sources, by type of raw material	Natural gas	9,236	10,505	13,276
	LPG	0	808	2,907
	Diesel	20,190	20,034	18,894
	Petrol	621	975	5,914
	Gas oil (red Diesel)	40	31	68
	Total	30,087	32,353	41,059
Total consumption of independently generated or purchased energy, by electricity (market-based) and heat	Electricity	14,584	15,011	20,248
	Heat	529	1,515	1,999
	Total	15,113	16,526	22,247
Total energy consumption in the organisation		45,200	48,879	60,306

Data are taken from invoices received from suppliers that have been issued in the nominal units for each type of energy. In order to convert them into MWh, the calorific value rates provided by DEFRA for a given year were used.

[GRI 302-2] Energy consumption outside of the organisation

	2019 [MWh]	2020 [MWh]	2021 [MWh]
electricity consumption in stores (franchisees)	348,077	368,280	428,522

Data come from the smart-metering system, whose meters are installed in stores run by franchisees

[GRI 302-3] Energy intensity

	2019	2020	2021
energy intensity as the ratio of total energy consumption by the organisation to revenue [MWh / mln PLN]	5.2	4.8	5.1
energy intensity as the ratio of total energy consumption outside the organisation to revenue [MWh / million PLN]	40.3	36.1	34.7

[GRI 303-3] Water withdrawal

	2019	2020	2021
Withdrawal of water from the municipal network at the headquarters and distribution centres [thousands of m ³]	22,425	23,745	30,328

Data are taken from meters installed in distribution centres. In accordance with the World Resources Institute, Poland is not located in an area of heightened water stress risk

[GRI 305-1] Direct (Scope 1) GHG emissions

Direct (Scope 1) GHG emissions [tCO ₂ e]	2019	2020	2021
Fuel consumed to generate heat/cold	1,701	2,109	3,107
Own fleet	5,412	5,357	6,190
Refrigerants at logistics centres (including dry ice)	4,655	5,923	7,635
Total direct emissions	11,767	13,388	16,932

Direct emissions from fuel combustion in distribution centres and emissions related to the fleet and refrigerants. When calculating GHG emissions for fuels, the emission factors used were obtained from the DEFRA database (Department for Environment, Food & Rural Affairs, UK). For GHG emissions related to refrigerants, the GWP coefficients were derived from the DEFRA database or data sheets for specific refrigerants. For the GHG emission related to the purchased district heat, the emission factors were obtained from the DEFRA database.

[GRI 305-2] Energy indirect (Scope 2) GHG emissions

Indirect emissions	Indirect emissions of GHGs [tCO ₂ e, location-based]			Indirect emissions of GHGs [tCO ₂ e, market-based]		
	2019	2020	2021	2019	2020	2021
Indirect emissions of GHGs from electricity	10,569	10,891	14,279	10,569	10,624	0
Indirect emissions of GHGs from heating	93	261	341	93	261	341
Total indirect emissions	10,663	11,153	14,620	10,633	10,885	341

Indirect emissions from electricity consumption by distribution centres and company headquarters. For the calculation of GHG emissions for electricity, data from the National Centre for Emission Balancing and Management and DEFRA were used for both location- and market-based methods. For the GHG emission related to the purchased grid heat, the emission factors were obtained from the DEFRA database.

[GRI 305-3] Other indirect (Scope 3) GHG emissions

Other indirect (Scope 3) GHG emissions [tCO ₂ e]	2019	2020	2021
Goods and services purchased	1,204,339	1,388,071	1,541,107
Capital goods	288,546	275,577	312,846
Fuel- and energy-related activities	3,190	3,164	2,119
Transport and distribution	15,981	19,970	24,458
Franchisees	325,608	343,184	391,811
Total other significant indirect emissions	1,837,665	2,029,965	2,272,341

Upstream: emissions related to purchased products and services, capital goods, and transportation to stores. When calculating GHG emissions using the average-data for the purchased products, emission factors from the EcoInvent database and other scientific, publicly available sources were used. GHG emissions from purchased products, calculated using the spend-based method and purchased services and capital expenditure, were calculated using the EEIO (Environmentally extended input-output) computational model, using the Exiobase database. Emission factors for WTT (well to tank) and transport and distribution were sourced from the DEFRA database.

Downstream: Emissions resulting from the consumption of electricity and refrigerants in stores. For GHG emissions related to refrigerants, the GWP coefficients were derived from the DEFRA database or data sheets for specific refrigerants. When calculating GHG emissions for electricity, both the location-based and market-based methods, data from the National Centre for Balancing and Management of Emissions and DEFRA were used.

[GRI 305-4] GHG emissions intensity

Intensity of emissions	2019	2020	2021
Scope 1 (direct emissions)	1.4	1.3	1.4
Scope 2 (indirect market-based emissions)	1.2	1.1	0.0
Scope 3 (other indirect emissions)	214	199	184
Total	217	202	185

The emission intensity was calculated as the emissions in a given scope divided by the sales revenues. For Scope 2, emissions calculated on the basis of the market-based criterion were used. Emissions are expressed as CO₂ equivalent and include greenhouse gases according to the GHG Protocol.

[GRI 306-3] Waste generated

Total weight of hazardous and non-hazardous waste, by method of treatment	Waste weight in 2020 [t]		Waste weight in 2021 [t]	
	non-hazardous waste	hazardous waste	non-hazardous waste	hazardous waste
Reuse	0	0	0	0
Recycling	10,073.0	2.3	10,050.2	1.6
Composting	217.8	0	214.4	0
Recovery (including energy recovery)	308.2	0.2	1,433.0	0.7
Incineration (or use as fuel)	1,098.5	0.3	79.1	2.5
Storage in deep wells	0	0	0	0
Landfilling	419.3	2.6	172.0	34.8
On-site storage	0	0	0	0
Other	214.1	0	613.8	2.8
Total	12,330.9	5.4	12,562.5	42.5

[GRI 201-1] Direct economic value generated and distributed in million PLN

	2019	2020	2021
Total revenue	8,629	10,364	12,464
Revenue	8,577	10,190	12,363
Other operating income	8	17	23
Financial income	44	157	78
Total costs	8,437	9,974	11,943
Operating costs*	7,716	9,211	11,113
Other operating costs	38	42	35
Financial costs	338	375	382
Employee benefits costs	190	216	258
Payments to providers of equity	59	0	0
Payments to the government	96	130	155
Economic value retained	192	390	521

*Depreciation and amortisation, Materials and energy used, External services, Other costs by nature, Cost of goods sold.

[GRI 417-2] Incidents of non-compliance concerning product and service information and labelling

type of incident	number
incidents of non-compliance with regulations resulting in a fine or penalty	0
incidents of non-compliance with regulations resulting in a warning	2
incidents of non-compliance with voluntary codes	0

In 2021, we recorded 2 incidents.

- (1) Labelling of own brand water product (Od Nowa) - as a result of the incident, the label will be adapted to match the applicable requirements.
- (2) Labelling of own brand What a shot - as a result of the incident, a label with essential information was presented in the form of a rollout pamphlet.

[GRI 207-4] Country-by-country reporting

Names of entities being tax residents	Polish tax jurisdiction
	Zabka Polska sp. z o. o.
Primary activities of the company	Activities of head offices and holding companies, excluding financial holding companies (PKD 70.10.Z)
Number of employees (as at 31.12.2021)	2,223 persons
Revenue (in thousands PLN)	PLN 12,363,188
Revenues from intra-group transactions with other tax jurisdictions	PLN 0
Profit before tax (in thousands PLN)	PLN 671,811
Property, plant and equipment and inventory (in thousands PLN)	PLN 2,396,776
Income tax paid (in thousands PLN)	PLN 81,851
Current tax (in thousands PLN)	PLN 160,584
Reasons for differences between corporate income tax accrued on profit/loss and the tax due if the statutory tax rate is applied to profit/loss before tax	Permanent differences between the accounting and tax law relate mainly to interest and exchange rate differences on bank loans and borrowings received. The costs of debt financing obtained in order to acquire shares, in accordance with Art. 16 sec. 1 point 13e) of the Corporate Income Tax Act, do not constitute tax deductible costs.

[GRI 415-1] Political contributions

Type of support	Value of support in PLN
Lobbying, representation of interests or similar activities	0
Local, regional or national campaigns/organisations/political candidates	0
Trade associations or tax-exempt groups, including:	16,175,724
Industry organisations	8,389,306
Charity organisations	7,786,419

[GRI 205-2] Communication and training about anti-corruption policies and procedures

employment categories	Total number of employees broken down by employment category	Number of employees to whom anti-corruption policies and procedures have been communicated	Percentage share of employees who have familiarised themselves with company anti-corruption policies and procedures	Number of employees who have received training on anti-corruption	Percentage share of employees who have received training on anti-corruption
operational positions	420	420	100%	379	90%
specialists	516	516	100%	466	90%
independent specialists	844	844	100%	768	91%
managerial staff/experts	344	344	100%	312	91%
higher managerial staff	70	70	100%	65	93%
top managerial staff	23	23	100%	19	83%
Management Board	6	6	100%	6	100%

Agreements with suppliers contain anti-corruption and compliance clauses, and 100% of our suppliers have become familiar therewith. Anti-corruption policies and procedures have also been communicated to our co-workers and interns. Anti-corruption procedures cover all areas of the Company's activity.

[GRI 205-1] Operations assessed for risks related to corruption

In 2021, all business units of the Company were analysed for threats related to corruption. We did not identify any significant risks of corruption.

[GRI 205-3] Confirmed incidents of corruption and actions taken

In 2021, no cases of corruption were confirmed.

[GRI 2-27] Compliance with laws and regulations

In 2021, there were no significant breaches of the law or regulations resulting in financial and non-financial penalties.

[GRI 206-1] Legal actions for anti-competitive behavior, anti-trust, and monopoly practices

In 2021, no violations of the principles of free competition and no monopolistic practices were observed, and there were no legal steps were taken by external authorities in this area.

Assurance report



Ernst & Young Audyt Polska
spółka z ograniczoną odpowiedzialnością sp. k.
Rondo ONZ 1
00-124 Warszawa

+48 (0) 22 557 70 00
+48 (0) 22 557 70 01
warszawa@pl.ey.com
www.ey.com/pl

Independent limited assurance report

To the management Board of Żabka Polska Sp. z o. o.

Scope

We have been engaged to perform limited assurance engagement in relation to selected non-financial information presented in the "2021 Responsibility Report by Żabka Group" (the "Company"), (the "Report") prepared based on GRI Guidance issued by Global Reporting Initiative. The following non-financial information (GRI indicators) in the Report were subject to verification: 2-7, 2-8, 301-1, 301-2, 301-3, 302-1, 302-2, 302-3, 303-3, 305-1, 305-2, 305-3, 305-4, 306-3, 403-9 („Selected Information”). The subject to our verification was only the Selected Information. Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on the Report as a whole.

Management's responsibility

The Company's Management is responsible for presenting the Report in accordance with GRI, in all material respects. This responsibility includes establishing and maintaining internal controls and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

Our responsibility

Our responsibility is to express a conclusion on the presentation of the Selected Information included in the Report subject to our verification based on the evidence we have obtained. We conducted our engagement in accordance with the *International Standard on Assurance Engagements 3000 Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*. Those standards require that we act in accordance with ethical requirements, as well as, plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Selected Information is presented in accordance with GRI. We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Our Independence and Quality Control

We apply International Standard on Quality Control 1 (ISQC 1), according to which we operate a comprehensive quality control system including documented policies and procedures regarding compliance with relevant ethical requirements and professional standards as well as applicable legal requirements and regulatory requirements. We comply with the requirements of independence and other requirements of professional ethics in accordance with the provisions of the International Ethics Standards Board for Accountants issued by the International Ethics Standards Board for Accountants (IESBA), which defines key principles of fairness, objectivity, professional competence, due care and confidentiality and professional conduct.

Summary of the procedures performed

Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and included:

- analysis and identification of Selected Information included in the Report;
- interviews with persons responsible for reporting non-financial information contained in the Report;
- compare of Selected Information included in the Report with the received Company's documentation.

The procedures used have been selected by us at our discretion and include an assessment of the risk of material misstatement of Selected Information included in the Report. Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Report and applying analytical and other appropriate procedures. Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of anything that would indicate that Selected Information included in the Report and mentioned in Scope paragraph above are not in all material respects in line with the GRI.

Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k.
Warsaw, 20 May 2022

SASB table

Topic	Accounting metric	SASB Code	2021 data
Fleet Fuel Management	Fleet fuel consumed, percentage renewable	FB-FR-110a.1	The company does not have its own delivery fleet.
Air Emissions from Refrigeration	Gross global Scope 1 emissions from refrigerants	FB-FR-110b.1	7,653 tCO ₂ e
	Percentage of refrigerants consumed with zero ozone-depleting potential	FB-FR-110b.2	100% of the refrigerants we use have zero ozone depletion potential.
	Average refrigerant emissions rate	FB-FR-110b.3	32,1%
Energy Management	(1) Operational energy consumed (2) Percentage grid electricity (3) Percentage renewable	FB-FR-130a.1	(1) 63,306 MWh (227,902 GJ) – the value includes fuel, electricity and heat consumption (2) 32% – purchased electricity in relation to the total energy used in own operations (3) 32% of all energy used in proprietary operations comes from renewable energy (100% electricity)
Food Waste Management	Amount of food waste generated, percentage diverted from the waste stream	FB-FR-150a.1	Food waste intensity in own operations and stores equalled 1.7% and increased by 0.1pp in comparison to 2020. One of the methods we use to manage the scale of food waste is close cooperation with public benefit organisations – in 2021, we donated 32% of food with a short shelf-life to these organizations. We report data only in percentage terms.
Data Security	(1) Number of data breaches (2) Percentage involving personally identifiable information (PII) (3) Number of customers affected	FB-FR-230a.1	In 2021, we did not record any incidents related to the loss of customer data.
	Description of approach to identifying and addressing data security risks	FB-FR-230a.2	In 2021, we carried out a preparatory process for the implementation of the ISO 27001 information security management system, which concluded with the award of a certificate in 2022.
Food Safety	High-risk food safety violation rate	FB-FR-250a.1	No cases occurred in 2021.
	(1) Number of recalls (2) Number of units recalled (3) Percentage of units recalled that are private-label products	FB-FR-250a.2	(1) 9 product recalls (2) we do not aggregate data at this level (3) 0%
Product Health & Nutrition	Revenue from products labelled and/or marketed to promote health and nutrition attributes	FB-FR-260a.1	PLN 218 mln
	Discussion of the process to identify and manage products and ingredients related to nutritional and health concerns among consumers	FB-FR-260a.2	We consistently implement the reformulation strategy of our own brand products – we reduce the salt and sugar content, expand the offer of plant products, reduce the content of preservatives, glucose and glucose-fructose syrups or artificial flavors. We are supported by the Polish Society of Dietetics in the process of implementing the strategy.
Labelling & Marketing Products	Number of incidents of non-compliance with industry or regulatory labelling and/or marketing codes	FB-FR-270a.1	In 2021, we recorded 2 incidents. (1) Marking on the own brand label water Od Nowa – as a result of a recorded incident, the label will be adapted to the reported requirements. (2) Marking on the What a shot brand label – as a result of a recorded incident, the label with the necessary information will be presented in the form of a folded pamphlet.
	Total amount of monetary losses as a result of legal proceedings associated with marketing and/or labelling practices	FB-FR-270a.2	No fines were imposed in this regard in 2021.
	Revenue from products labelled as: (1) Containing genetically modified organisms (GMOs) (2) Non-GMO	FB-FR-270a.3	All private label products are GMO-free. Producer brand products that contain GMOs are properly labelled. Data on revenues related to GMO labelling were not consolidated in the reporting period

Topic	Accounting metric	SASB code	2021 data
Labour Practices	(1) Average hourly wage and (2) percentage of in-store and distribution centre employees earning minimum wage by region	FB-FR-310a.1	The roles in the Logistics area vary greatly in terms of job characteristics, therefore we do not report the average hourly wage. All employees receive higher than the minimum wage, and additionally receive a number of financial and non-financial benefits.
	Percentage of active workforce covered under collective bargaining agreements	FB-FR-310a.2	There are no trade unions or collective bargaining agreements in the Company. Employees, however, have complete freedom to create bottom-up employee groups.
	(1) Number of work stoppages (2) Total days idle	FB-FR-310a.3	In 2021, there were no significant downtime at work.
	Total amount of monetary losses as a result of legal proceedings associated with: (1) Labour law violations (2) Employment discrimination	FB-FR-310a.4	In 2021, we did not record such cases.
Management of Environmental & Social Impacts in the Supply Chain	Revenue from products third-party certified to an environmental and/or social sustainability sourcing standards	FB-FR-430a.1	We did not consolidate data from this area in the reporting period.
	Percentage of revenue from: 1) Eggs that originated from a cage-free environment 2) Pork produced without the use of gestation crates	FB-FR-430a.2	We did not consolidate data from this area in the reporting period.
	Discussion of strategy to manage environmental and social risks within the supply chain, including animal welfare	FB-FR-430a.3	We have implemented the Sustainable Palm Oil Policy. We are currently working on policies on animal welfare and sustainable agriculture. In 2021, we also introduced the Supplier Code of Conduct. We are working on introducing a system of business partner verification and risk analysis in the supply chain. In the pilot phase, approximately 190 suppliers are assessed, responsible for over 30% of turnover. We use the global SMETA platform in the process. Suppliers are assessed in five areas, and the result of the verification is an assessment of the risk of cooperation with a given company.
	Discussion of strategies to reduce the environmental impact of packaging	FB-FR-430a.4	In 2021, we implemented the Eco-design Policy. We reduce the weight and volume of materials, and we promote reusable packaging. We choose recycled packaging or those that are preferred in recycling processes. Through the system of pictograms placed on the packaging, we advise consumers to what container they should be discarded to after use. We avoid contrasting colours, soot-based pigments and unbreakable labels made of a material other than the packaging itself, making it easier to recycle.

Activity metric	SASB code	2021 data
Number of (1) retail locations and (2) distribution centers	FB-FR-000.A	Stores under the Žabka brand are run by a chain of independent entrepreneurs on a franchise basis.
Total area of (1) retail space and (2) distribution centers	FB-FR-000.B	Total area of distribution centres and terminals is almost 170 thousand m ² .

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Training and education (2016)			
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The 2021 Responsibility Report was compiled with the participation of many teams and people within the organisation.

Any questions concerning the data contained in this Report should be submitted to the ESG Department which coordinated the publication process:



Milena Badora-Chorążewicz
ESG Performance and Certification Manager

badora-chorazewicz.milena@zabka.pl



Rafał Rudzki
ESG Director

rudzki.rafal@zabka.pl



żabka group