



Decarbonisation Policy



Żabka Polska sp. z o.o.
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National Court Register (KRS) number:
0000636642
Tax identification number (NIP):
522-30-71-241

DOCUMENT SPECIFICATION

OWNER OF REGULATIONS	Green Officer
AUTHOR / PERSON UPDATING THE DOCUMENT	Green Officer
APPROVING ENTITY	Management Board of Żabka Polska Sp. z o.o.
STATUS	In force
DOCUMENT VERSION	1.0.
DOCUMENT DATE	30.11.2022
NUMBER OF PAGES	10
PURPOSE	Document setting out the general principles of the Policy to reduce Greenhouse gas emissions at Żabka Polska Sp. z o.o. and in its value chain.

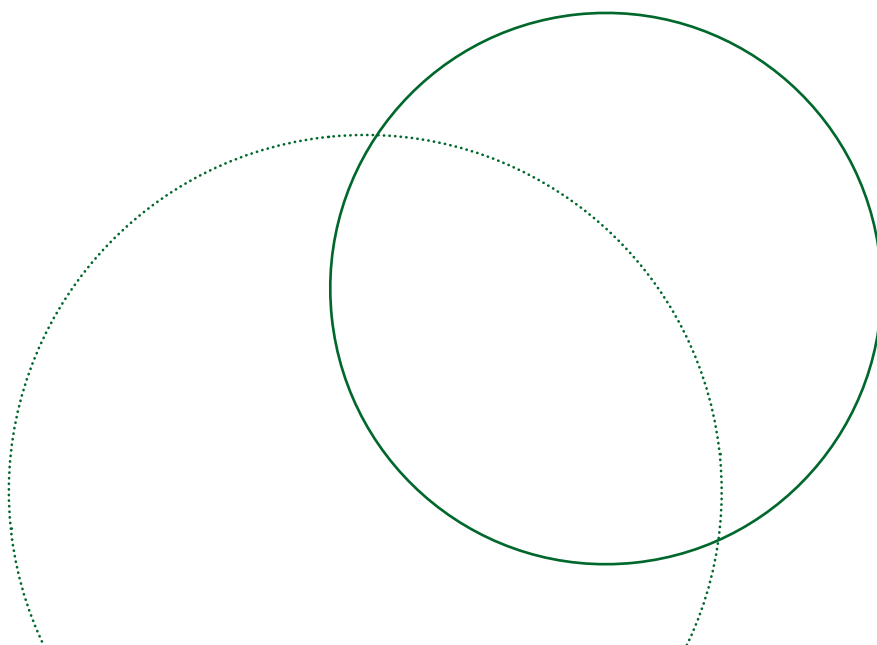


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| Introduction

Climate change caused by the emission of increasing amounts of Greenhouse gases by the global economy is a real contemporary threat, resulting in extreme weather events and destructive natural disasters, among other things. In order to arrest this process, companies should take action on climate protection in a structured way. These actions should stem from their own plans, existing and upcoming regulations and the expectations of their stakeholders.

In line with the international GHG Protocol Corporate Accounting and Reporting standard used by Żabka Polska, the level of GHG emissions is determined according to the operational control criterion. According to this criterion, Żabka Polska generates a carbon footprint:

- **Directly** from the burning of fossil fuels in the logistics centres, fuel consumption in its own fleet, refrigerant release in the refrigerators, coolers and air conditioners in the headquarters and logistics centres (Scope 1);
- **Indirectly** through the consumption of electricity and heat by the logistics centres and headquarters (Scope 2).

In addition, Greenhouse gases are generated **in the value chain** (Scope 3), as a result of:

- manufacturing processes of purchased products and services, capital expenditure and in the process of transporting goods to stores (so-called upstream transport);
- consumption of electricity and refrigerants in stores.

Greenhouse gases in the value chain are also emitted in other processes related to the company's operations, such as business travel or customer use of products purchased in Żabka stores, but their impact on an estimated basis has been determined to be immaterial and is not reported.

The concern for the environment at Żabka Polska is a result of the adopted Responsibility Strategy and the fulfilment of commitments arising from participation in initiatives such as:

- *United Nations Global Compact* - the world's largest initiative bringing together companies doing business on the basis of the 10 principles of the Global Compact;
- *Science Based Targets (SBTi)* - an international agreement to support companies in setting targets to reduce Greenhouse gas emissions into the atmosphere;
- *Business Ambition for 1.5°C* - a coalition of UN organisations and companies that have set a climate neutrality target in line with the ambition to limit the rise in global temperatures to 1.5 °C.

| Art. 1. Purpose and scope of the policy

- 1.1.** Żabka Polska's Decarbonisation Policy sets out the general directions of actions aimed at achieving the company's climate change targets, related to the implementation of the adopted Responsibility Strategy. This Policy is also a response to the commitments resulting from Żabka Polska's participation in climate change initiatives.
- 1.2.** Climate targets for Greenhouse gas reductions include Scope 1, Scope 2 and Scope 3, according to the international GHG Protocol Corporate Accounting and Reporting standard.
- 1.3.** Żabka Polska's decarbonisation commitments were defined based on the Science Based Targets (SBTi) methodology - an initiative of CDP (formerly the Carbon Disclosure Project), United Nations Global Compact, World Resources Institute (WRI) and WWF. SBTi defines and promotes best practices for setting Greenhouse gas emission reduction targets based on the latest scientific knowledge. Żabka Polska's climate targets have been validated by SBTi. They are in line with the most ambitious provision of the Paris Agreement to limit global warming at 1.5°C compared to the pre-industrial era.

| Art. 2. Policy objectives

- 2.1.** The objective of this Policy is to set out binding directions for achieving climate neutrality in Scopes 1 and 2 by the end of 2025 in terms of Greenhouse gases for 2020 and meeting the climate targets validated by SBTi:
- A 25% reduction in absolute Scope 1 and 2 emissions by the end of 2026 in Greenhouse gas terms taking 2020 as the base year;
 - Reduction of store Greenhouse gas emissions intensity by 70% by the end of 2026 taking 2020 as the base year;
 - Involvement of 75% of our Business partners by spend, covering Purchase Goods & Services, on science-based targets set by the end of 2026.
- 2.2.** Żabka Polska's ambition is to engage not only Żabka Polska employees and associates, but also Franchisees and key Business partners in the process of climate protection and reducing carbon footprint. Żabka Polska's active stance in this respect is a preparation for stricter legal requirements for business activities, but is also an expression of its strategic plans and efforts to build and maintain Żabka Polska's image among its stakeholders as a trustworthy and environmentally responsible cooperation partner.

I Art. 3. Key definitions and abbreviations

- 3.1. Policy** —————→ this document;
- 3.2. Żabka Polska, Company** —————→ Żabka Polska sp. z o.o.;
- 3.3. Green Team** —————→ key roles in the organisation in the areas of energy, logistics, transport, own fleet and contact with Business partners, where reduction measures are planned;
- 3.4. Responsibility Strategy** —————→ Żabka Polska's strategic document, adopted in 2021, setting out the company's ambitions, directions of development and objectives in the area of environmental, social and corporate governance (ESG) responsibility of the Company;
- 3.5. Greenhouse gases** —————→ the gaseous components of the atmosphere, both natural and anthropogenic, that prevent infrared radiation from escaping from Earth, resulting in increased surface temperatures. Greenhouse gases include carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF₆);
- 3.6. Scope 1** —————→ Greenhouse gas emissions from own operations, in accordance with the international GHG Protocol Corporate Accounting and Reporting standard, resulting from, among other things, natural gas consumption, fuel consumption for own vehicles, refrigerant leakage and diesel fuel consumption;
- 3.7. Scope 2** —————→ Greenhouse gas emissions from the consumption of electricity in the company's own operations, in accordance with the international GHG Protocol Corporate Accounting and Reporting standard, e.g., in offices, logistics centers, production plants;
- 3.8. Scope 3** —————→ Greenhouse gas emissions resulting from operations linked with Żabka Polska's business activities, in accordance with the international GHG Protocol Corporate Accounting and Reporting standard, in locations such as stores operated by Franchisees;
- 3.9. Business partner** —————→ a natural or legal person with whom Żabka Polska maintains a business relationship, excluding employees, associates and Franchisees, including suppliers of goods and services;
- 3.10. Franchisee** —————→ persons who operate a store under the Żabka brand on the basis of an appropriate contract executed with the Company.

Art. 4. Hierarchy of conduct

- 4.1.** In its activities and initiatives relating to Greenhouse gas emissions, Żabka Polska follows a specific hierarchy of conduct made up of three levels (Figure 1).
- 4.2.** Żabka Polska's overarching goal is to **avoid Greenhouse gas emissions** for future operations by making key decisions responsibly, taking its carbon footprint into account.
- 4.3.** The second level is to **reduce emissions** where possible by replacing assets and transforming processes to minimise the carbon footprint.
- 4.4.** The final element is **carbon footprint offsetting**.

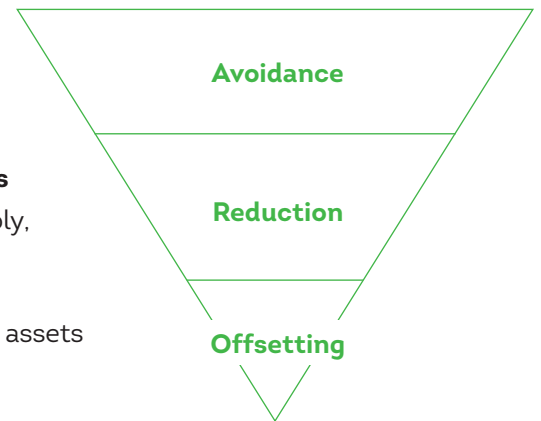


Figure 1

Art. 5. Reduction plan in own operations (in Scope 1 and 2)

- 5.1.** Żabka Polska strives to systematically reduce the energy intensity and carbon footprint of its own operations, in line with its Energy Policy and Mobility Policy, among others, by:

- Moving towards renewable energy sources in own operations;
- Gradual replacement of its own fleet with vehicles powered by alternative engines – hybrid or electric and further investment in charging infrastructure;
- Development of low-carbon and energy-efficient office and logistics infrastructure;
- Promoting zero or low-carbon modes of transport;
- Taking investment decisions with a view to their impact on meeting climate targets;
- Education and communication activities aimed at employees and associates.

Goals:

We aim to become climate-neutral (in terms of greenhouse gas emissions related to scopes 1 and 2) by the end of 2025.

We aim to reduce greenhouse gas emissions in scope 1 and 2 by 25% by the end of 2026 taking 2020 as the base year.

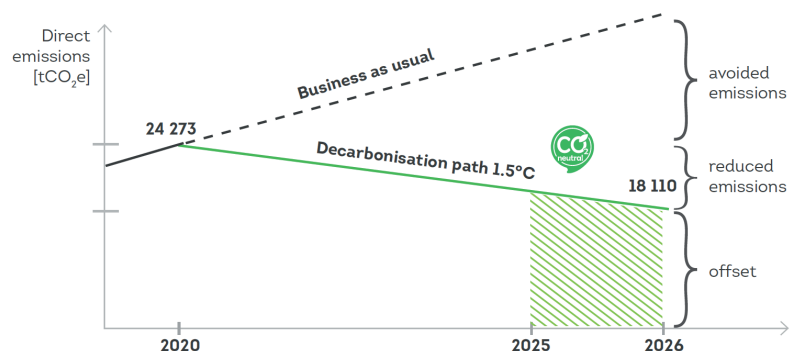


Figure 2

Art. 6. Reduction plan in stores (Scope 3)

6.1. Żabka Polska aims to reduce the Greenhouse gas intensity of its stores by:

- Gradual transition to energy from renewable sources in franchise network;
- Developing and implementing initiatives that reduce energy consumption and other emission sources in stores;
- Education and communication activities aimed at Franchisees.

Goal:

We aim to reduce greenhouse gas emissions intensity at stores (scope 3) by 70% by the end of 2026 taking 2020 as the base year.

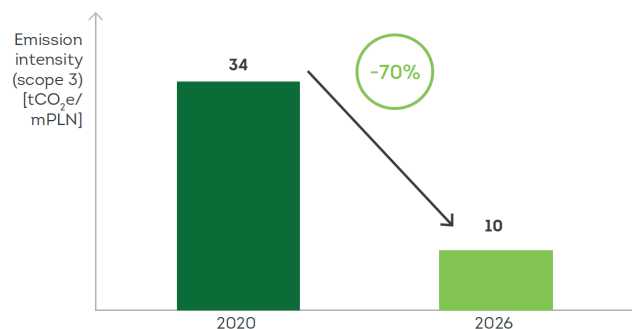


Figure 3

Art. 7. Reduction plan in the value chain (Scope 3)

7.1. Żabka Polska seeks to engage its Business partners, including key suppliers, in joint efforts to reduce their carbon footprint by:

- Motivating Business partners to set and implement their own strategies and scientifically proven reduction targets;
- Implementing and developing carbon- and energy-saving initiatives, products and services together with Business partners and expanding knowledge and competence in this area.

Goal:

We aim to involve 75% our business partners by spend, covering Purchase Goods & Services, on science-based targets setting by the end of 2026.

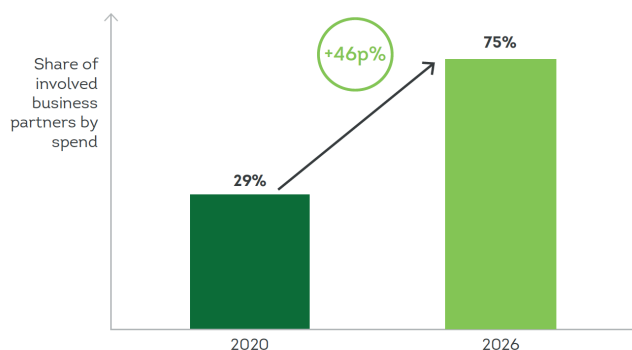


Figure 4

Art. 8. Monitoring of implementation of the reduction plan

8.1. The carbon footprint of Scope 1, 2 and 3 is counted periodically, in accordance with the GHG Protocol Corporate Accounting and Reporting standard methodology.

8.2. Monitoring of the implementation of the reduction measures, in accordance with the lines of action detailed in Articles 4, 5 and 6 of this Policy, is carried out periodically and as part of the process of monitoring the key performance indicators (KPIs) assigned to each objective. Progress in achieving targets is periodically communicated to the Management Board and Supervisory Board and published annually in non-financial reports.

I Art. 9. Roles and responsibilities

- 9.1.** The Green Officer is responsible for overseeing and supporting the implementation of strategic activities covering climate issues as defined under the Green Planet pillar. The executive level is made up of the implementation teams, consisting of managers, product owners, project managers, leaders across the organisation, and others.
- 9.2.** Oversight of the implementation of the Responsibility Strategy, including the achievement of climate targets, is the responsibility of the ESG Director.
- 9.3.** The ESG area, including the area related to the environment (E - Environment), is overseen by the Vice President of Consumer Strategies, who periodically presents the results to the Supervisory Board.

I Art. 10. Policy review and update

- 10.1.** The Green Officer is responsible for ensuring that the Policy complies with common law and for reviewing any irregularities in its implementation or execution.
- 10.2.** The Policy is subject to periodic review - and, if necessary, appropriate updating to bring it into line with current legal requirements. The Policy is reviewed and updated by the Green Officer, at least once every two years.

I Art. 11. Final provisions

- 11.1.** The Policy was adopted by the Company's Management Board on 30.11.2022.
- 11.2.** The Policy enters into force on 30.11.2022.

