



# Sustainability-Linked Bond Framework



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## Introduction

### **Żabka Group as a leader of the ultimate convenience ecosystem**

Żabka Group ("Żabka") focuses on convenience, which is based around providing grocery products, quick meal solutions and a range of online services to time-sensitive customers.

Our ecosystem consists, on the one hand, of what we call "*Modern on-the-go convenience*" solutions - solutions embedded in the urban fabric and the daily routines of customers. These include grocery shopping, quick meal solutions and postal services.

On the other hand, there are solutions we describe as "*Modern anywhere convenience*" - solutions that, through dedicated applications and digital platforms, increase the accessibility of our services and products. These include various boxed meals programs that can be ordered for home or office delivery, or instant online shopping delivered within 15 minutes.

Finally, our convenience ecosystem is completed by our "*Product Brands*", which combine and intermingle both physical and digital worlds, providing unique products for modern nutrition, at every moment of daily life, from morning to evening.

We are continuously evolving our offer. With our stores already as an essential part of our customers' lives, offering a curated assortment of 2,500 AI-selected products, we further developed the business. We have entered the street food sector, rapidly becoming the leading player in this space. We also started our international expansion launching in Romania due to its favourable conditions and similarities to Poland. Our aim now is to double our scale during the five years from 2023 to 2028, spearheaded by further growth in our Polish network and based on three strategic pillars: store expansion in Poland and Romania, like-for-like growth in traffic and basket size, and a five-fold increase in sales via our digital offering by 2028 versus 2023.

Our success over the last 20 years is based on offering the ultimate convenience ecosystem, serving app. 4.1 million of clients on a daily basis, through an unrivalled network of 11,000+ stores operated by 9,000+ franchisees. This is now also complemented by a Digital Customer Offering that is used by 1.2 million customers every day.

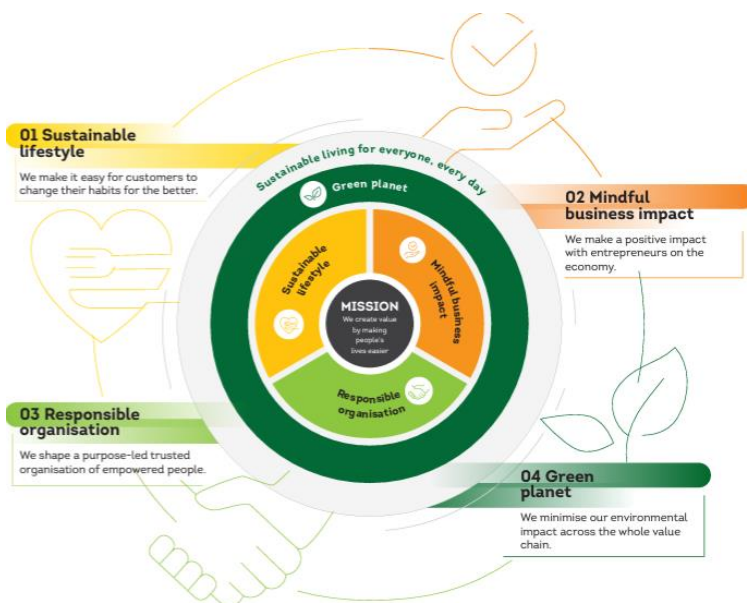
More information about our business activities can be found on our website: [zabkagroup.com](https://zabkagroup.com).

## ESG Framework as a strategic enabler within the Żabka Group

We are committed as an organisation to promoting sustainable living for everyone, every day, and to empowering our customers to make responsible choices. We do this in two ways: by providing products and services that enable millions of people to lead a more sustainable lifestyle; and by actively minimising the environmental impact of our own operations.

The Group has made a strategic commitment, expressed in its environment, social and governance ESG Framework, to promote sustainable living for everyone, every day, and to empower its customers to make responsible choices. The ESG Framework is based on four pillars:

- a sustainable lifestyle;
- a mindful business impact;
- a responsible organisation; and
- a green planet.



To deliver these commitments, the Group designs and deploys its business activities by integrating ESG-related factors into its decision-making processes, all of which are supported by its multilayer governance framework.

In doing so, we actively align ourselves with several of the United Nations Sustainable Development Goals (UN SDGs), namely SDG - 2, 3, 5, 7, 8, 12, 13, 14, 15, 17.

## Sustainability (ESG) strategy at Żabka Polska

The Responsibility Strategy of Żabka Polska sets out eight strategic commitments for years 2021-2026, framed in four pillars related to the ESG Framework. These commitments are supported by 10 measurable operational goals that enable transparency in the measurement and reporting of our progress.

### 1. Sustainable Lifestyle

Under this pillar, we work hard to make it easy for customers to change their habits for the better. To achieve this, we are committed to a set of clear targets for 2026, including increasing the share of our own brand products that promote a sustainable lifestyle, reducing food waste

intensity in our own operations by 25%, redistributing 50% of unsold food in internal operations, and increasing customers' NPS score by two points each year.

Recent highlights include the launch of the Porcja Dobrego! nutrition programme to help customers make healthier food choices. This has led to an 85% increase in sales of products with Nutri Score A and B. A healthy food ecosystem extends beyond nutrition, so we aim to reduce waste by enabling their customers to easily purchase only the amount of food they need at any given time.

We also use AI to match the goods delivered to each store with local shopping trends, making it easy for people to find what they need, thereby reducing the environmental impact. Following a quality-focused supply chain review, we only accept branded products with palm oil certification. We have also acted to improve animal welfare and promote sustainable sourcing in our own brand products, and have removed cage-laid eggs from our products. Our policies ensure sustainable sourcing for plant ingredients, fish and seafood. Our Biodiversity Policy also sets out our principles of conduct, indicating our priorities for protecting ecosystems and preventing the loss of biodiversity, including deforestation.

## **2. Mindful Business Impact**

Under this pillar, we aim to make a positive economic impact in partnership with the entrepreneurs we work with. Commitments we've made for 2026 include both helping to increase our franchisees' NPS scores as a direct result of working with us, while ensuring we manage to retain total franchisees' churn rate at the same level. We also aim to have familiarised 100% of business partners with our Code of Conduct and to include those business partners to be responsible for 75% of our purchasing and service spending in science-based greenhouse gas ("GHG") reduction targets.

We are continuously developing franchisee-centric solutions to help us boost franchisee satisfaction, including Cyberstore, Żabka Assistant, Remote Access, Intranet for franchisees, Entrepreneurship Academy and SellerPro. It is also important to emphasise that franchisees are actively involved in delivering change, through the creation and development of franchise-centric projects.

We are also creating an environment of innovation and experience-sharing with scientific institutions, business incubators and business partners. The integration of our stores in local neighbourhoods provides a unique opportunity to get involved in the life and activities of local communities.

### **3. Responsible Organisation**

As a Responsible Organisation, we aim to shape a purpose-led, trusted organisation of empowered people. We are targeting the achievement of the following commitments by 2026. First, to be among the top 25% of the world's best employers according to the Gallup Institute engagement survey. We also aim to increase employees' satisfaction with our approach to their professional development. And we target having 100% of our employees trained both on business ethics principles (already achieved), and on cyber-security related issues.

Gallup Institute ranks Żabka within the top 25% of the world's most engaged organisations and has given us the Gallup Exceptional Workplace Award. In addition, our commitment to equal pay regardless of gender has made us the first Polish company with EQUAL-SALARY certification.

We undergo regular external assessments to help us better serve our stakeholders and improve sustainability practices, consistently improving our score in every category. We have also retained the EcoVadis Platinum medal, placing us among the top 1% of companies in the world for ESG integration into business strategy and operations.

We are also constantly building a comprehensive system of ethics, in which all employees and franchisees comply with the law, international standards and adopted regulation, including that related to anti-corruption. Following the launch of the Code of Conduct and Ethics for Employees, all our people have received training.

### **4. Green Planet**

This pillar commits us to minimise our environmental impact across the whole value chain. Our 2026 targets, designed to make this happen, include reducing the share of virgin plastic in the weight of our own brand packaging by 25% (vs. 2019). Our aim to achieve packaging neutrality for our own brand products has already been achieved, and we are close to ensuring that 100% of our own brand product packaging can be recycled. What is more, our GHG emissions reduction targets are validated by the Science Based Targets initiative (SBTi) since 2021 and align to the 1.5 degree pathway. We are already performing ahead of the approved targets which confirms our dedication to continuously minimising our environmental impact. We have exceeded our target of reducing total Scope 1 and 2 greenhouse gas emissions by 25% versus 2020. And we are making good progress on reducing our franchisee Scope 3 greenhouse gas emissions intensity by 70% versus 2020.

Our circularity efforts include the use 100% rPET bottles and recycled packaging in our own brand products, as well as helping franchisees recycle more materials and reduce waste by maximising recycling. Such efforts have cut the amount of virgin plastic entering the market, allowing us to achieve plastic neutrality in our operations since 2020. Our pilot deposit system in Zielona Gora, Bydgoszcz and few other cities encourages customers to return plastic bottles and aluminium cans, rewarding them with zapps points or a discount on their next purchase.

We are reducing GHG emissions from our vehicle fleet by replacing conventional cars with hybrid and electric ones, and installing chargers in our logistics centres, headquarters and employees' homes. We have also implemented an incentive programme promoting safe and ecofriendly driving practices, and a Travel Policy that establishes the rules for the transport of employees and associates. Also dry-ice consumption is being reduced, by replacing it with dedicated transport. As a result, we have reduced emissions by 31.2% (Scopes 1 & 2) vs. the base year of 2020, with almost 65% reduction in emission intensity in the stores (Scope 3).

### **Commitment to international sustainability initiatives and standards**

To ensure that operations consistently comply with recognised international sustainability and good corporate citizenships best practice standards, we are formally committed to operating in line with the requirements of the following organisations and initiatives:

- The Advertising Council,
- The Association of Business Service Leaders,
- The Charter of Diversity,
- The Polish Economic Society,
- The Consumer Goods Forum,
- Employers of Poland,
- The National Chamber of Commerce,
- The Polish Chamber of Commerce,
- The Polish Coalition for Sustainable Palm Oil,
- The Polish Lewiatan Confederation,
- The Polish Organisation of Franchisors,
- The Polish Trade and Distribution Organisation,
- UN Global Compact,
- Warsaw Enterprise Institute,
- The Polish Plastic Pact.

## Rationale for Establishing a Sustainability-Linked Bond Framework

Żabka's Sustainability-Linked Bond Framework aims at covering any upcoming Sustainability-Linked Bonds whose characteristics are linked with sustainability performance targets. The present Framework will enable Żabka Group S.A. and Żabka Polska Sp. z o.o. ("Issuer" or "Issuers") to issue Sustainability-Linked Bonds.

By establishing this Sustainability-Linked Bond Framework (the "Framework"), Issuer aims to leverage its responsibility strategy in the communication with investors, focusing in particular around its aim to promote circularity and sustainable living for everyone, every day. Moreover, by incorporating sustainability-linked instruments within its funding policy, Issuer seeks to solidify its commitment to the areas in which it can directly contribute to the transition to a more sustainable future. This Framework has been established in accordance with the Sustainability-Linked Bond Principles 2024 ("SLBP", "Principles")<sup>1</sup> as administered by The International Capital Market Association ("ICMA"), and follows the five core components below:

- I. Selection of Key Performance Indicators (KPIs),
- II. Calibration of Sustainability Performance Targets (SPTs),
- III. Financial Characteristics,
- IV. Reporting,
- V. Verification.

Issuer will periodically review this Framework to ensure its alignment with updated versions of the relevant Principles as they become available in the market. Any significant updates will require prior approval from a qualified provider of Second Party Opinion. In this Framework, Issuer will present Key Performance Indicators (KPIs) that are core, relevant, and material to its business model and industry. Issuer reserves the right to select the KPI(s) that will be used in each of the Sustainability-Linked Bonds issued under this Framework. The specific KPIs to be used in any respective financing will be disclosed in the Sustainability-Linked Bonds documentation (in particular Terms of Bonds Issue) at the time of instrument launch, alongside the Sustainability Performance Targets ("SPTs") and pricing mechanism.

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<sup>1</sup> ICMA SLBP 2023: [Sustainability-Linked-Bond-Principles-June-2024.pdf](https://www.icma.org/publications/sustainability-linked-bond-principles-june-2024)



## Selection of Key Performance Indicators (KPIs)

Żabka has selected two KPIs, which are core, relevant, and material to its business and industry.

### Key Performance Indicators selection focused on the material impact on the transformation towards sustainability

#### Key Performance Indicators

KPI 1: Increase of the value of sales of own brand food products promoting a sustainable lifestyle

KPI 2: Reduction of the share of virgin plastic in the weight of own brand packaging

#### Key Performance Indicators

KPI 1: Increase of the value of sales of own brand food products promoting a sustainable lifestyle

### Scope of KPI - Definition and Methodology

The indicator covers net revenue (in mPLN) from the sales of own-brand food products generated by our stores in Poland.

The Company shall report the value of the sales of own-brand products, which meet one of the four following criteria:

1. Clean label products,
2. Products, that as per the product label, meet Nutri-Score A, B or C,
3. Products that are plant-based,
4. Products that have a health/nutrition claim per Regulation No 1924/2006 of the European Parliament and of the Council of 20 December 2006.

This is with the exception of products that:

- generate sales of less than 1,000 items per year,
- are non-food and pet food products,
- are alcoholic drinks (spirits, wines, beers, ciders etc.),
- are energy drinks.

The metric is measured in mPLN/year.

### Rationale and materiality of this KPI

We are committed to addressing the needs of health-conscious customers by creating an ecosystem that makes it easy for them to access high-quality products. Our commitment to supporting a sustainable lifestyle is highly significant for internal and external stakeholders and is one of our most vital ambitions. Our initiatives supporting a sustainable lifestyle positively impact our stakeholders by creating products that enable customers to have a healthier and more balanced diet.

Recognising the growing demand for ready meals as an alternative to dining out, we aim to offer wholesome products that our customers can enjoy regularly. By analysing trends and consumer expectations relating to nutrition and taking into account challenges such as insufficient knowledge or lack of time, we work hard to provide easy access to nutritious meals from our diverse portfolio of own-brand products. In particular, customers can choose from 170 own-brand products that have especially high Nutri-Score. We also provide numerous healthy options from other brand owners that enable a sustainable lifestyle.

### Supported SDGs



### Key Performance Indicators

**KPI 2: Reduction of the share of virgin plastic in the weight of own brand packaging**

### Scope of KPI - Definition and Methodology

This indicator involves reducing the weight of virgin plastic packaging (in kg) used for Żabka's own-brand products, compared to a 2019 baseline.

We calculate this KPI as the share of virgin plastic within the total weight of plastic (primary and secondary) used in the packaging of the own brand products we sell to our franchisees. This is then compared to a 2019 baseline when 100% of our plastic packaging was made of virgin plastic. Source data on the weight of packaging is based on information from manufacturers: this is included in Product Packaging Cards, which indicate the weight and type of material used in every element of product packaging.

### Rationale and materiality of this KPI

Our strategic commitments is to create the right conditions for everybody to lead a green and sustainable lifestyle, every day. This makes Green Planet one of the core pillars of our Responsibility Strategy. We therefore focus on those actions that allow us to protect our Green Planet by minimising our environmental impact across the whole value chain. Serving more than 4 million customers every day, we are aware of the role we have to play in reducing plastic consumption and encouraging customers to make choices that are good for the planet. The modern convenience model assumes that most products we sell are consumed immediately. This means that packaging is a crucial area of our responsibility.

This indicator is relevant, core and material to the overall business and of high strategic importance to Issuer's current and future operations. It therefore reflects our strategic move towards the transformation of packaging.

#### Supported SDGs



## Calibration of Sustainability Performance Targets (SPTs)

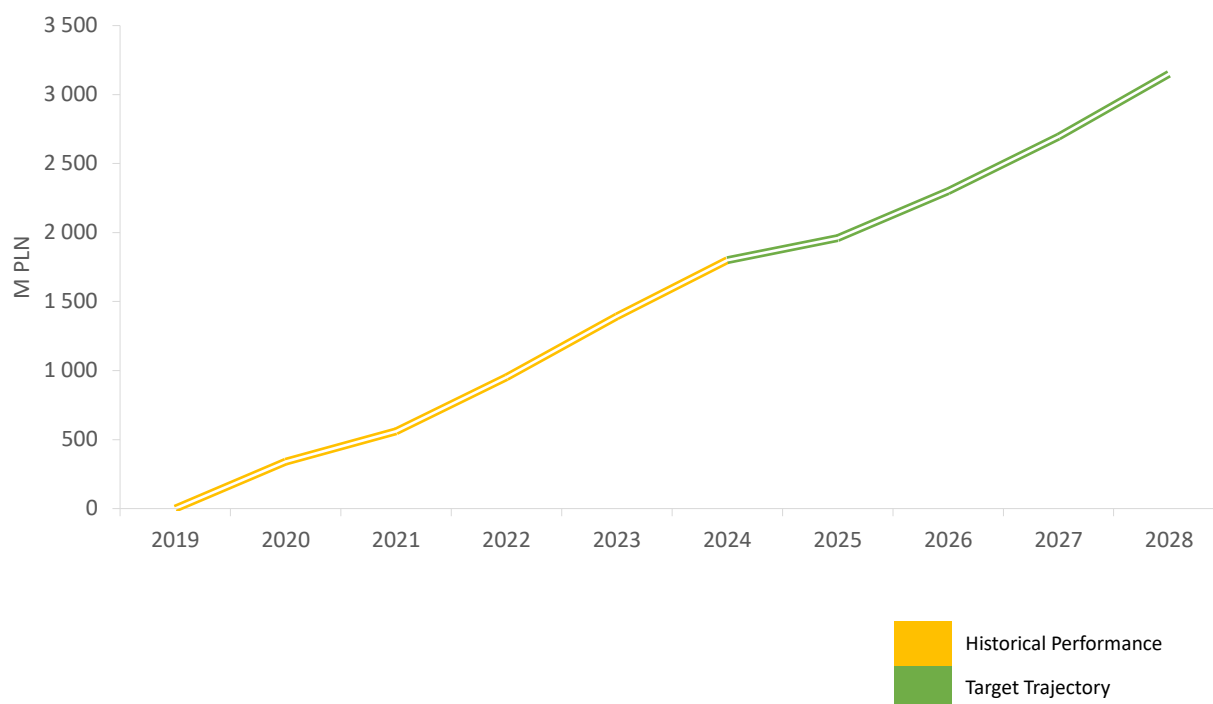
### Sustainability Performance Targets (SPTs)

SPT 1: 3,150 mPLN of sales of own brand products promoting a sustainable lifestyle in 2028

SPT 2: 38% reduction of the share of virgin plastic in the weight of own brand packaging by 2028

### Sustainability Performance Targets (SPT)

**SPT 1: 3,150 mPLN of sales of own brand products promoting a sustainable lifestyle in 2028**



### Rationale and ambition of SPT

This SPT aligns with our broader sustainability goals and demonstrates a significant commitment to promoting a sustainable lifestyle. We have already shown substantial progress in this area, with the sales value of our own-brand products promoting a sustainable lifestyle increasing from 300 mPLN in 2020 to 1,800 mPLN in 2024. This growth trajectory indicates that the target for 2028 is ambitious yet achievable, building on our existing momentum.

**Baseline:** 370 mPLN in 2020

### Historical data

Period	2020	2021	2022	2023	2024
Performance (in mPLN)	370	560	952	1,393	1,800

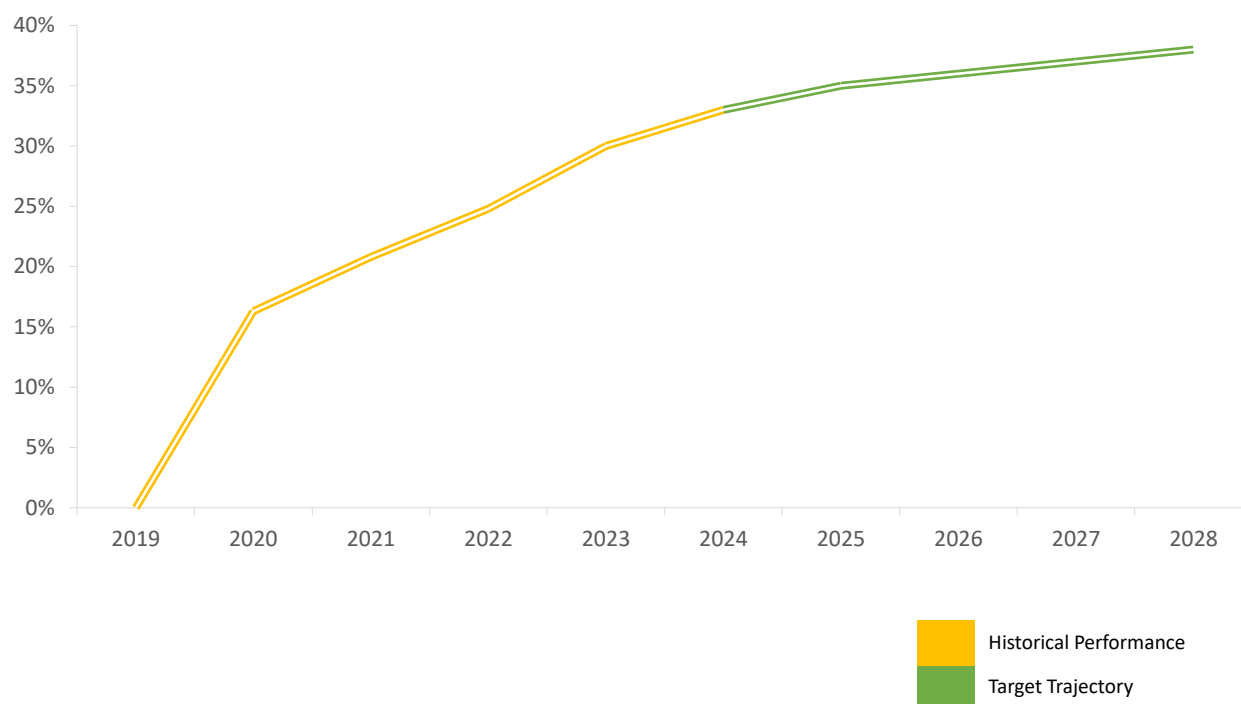
### Intermediate targets

Period	2025	2026	2027
Performance (in mPLN)	1,960	2,300	2,695

### Strategy to reach the SPT

Żabka is committed to promoting good nutrition and healthy eating habits among its customers. We have launched several initiatives to achieve this goal:

- Expanding our own brand product portfolio: We provide a wide range of healthy food options and is continuously expanding its product portfolio to include more nutritious and conscious choices. As a part of this, we launched the Porcja DobreGO! Programme which aims to make healthy eating more accessible and convenient for customers. The programme includes initiatives such as offering portion-controlled meals and snacks whose nutritional composition ensures they are balanced. and nutritious.
- Education: We engage in educational campaigns to inform customers about the benefits of good nutrition and healthy eating habits. These campaigns include in-store promotions, offline and online resources, and regular collaboration with nutrition experts and other stakeholders.
- Customer feedback: We actively seek feedback from customers to understand their nutritional needs and preferences. This feedback is used to improve our product offerings and ensure that they align with customer expectations.

**Sustainability Performance Targets (SPT)****SPT 2: 38% reduction of the share of virgin plastic in the weight of own brand packaging by 2028****Rationale of and ambition for the SPT**

Due to forecasts of strong sales growth in our business, further growth in the tonnage of plastic introduced to the market is expected, meaning this ambition will become more important with time. The share of recycled content in the plastic packaging of our own-brand products has doubled from 16.3% in 2020 to 30% in 2023. Over time, we have completed the majority of the work that is possible in this area, yet still plans to increase the share of recycled content by one percentage point in each of the years ahead. Reducing virgin plastic in our own brand packaging is a robust SPT for the company, because it aligns with our sustainability strategy, is material and relevant to our business model, and follows market best practices and benchmarks.

**Baseline:** 100% virgin plastic packaging in 2019

**Historical data**

Period	2019	2020	2021	2022	2023	2024
Performance (%)	0%	16%	21%	25%	30%	33.5%

**Intermediate targets**

Period	2025	2026	2027
Performance (%)	35%	36%	37%

**Strategy to reach the SPT**

**Innovative packaging solutions:** We are continuously exploring and implementing innovative packaging solutions to reduce the use of virgin plastic. This includes using recycled materials and designing packaging that is easier to recycle.

**Collaboration and partnerships:** the company works closely with business partners and suppliers to develop and implement sustainable packaging solutions. These collaborations help us stay at the forefront of environmental responsibility and innovation.

**Eco-design Policy:** We aim to ensure that 100% of own-brand packaging is recyclable or recycled by 2025. This goal is aligned with current EU and domestic regulations, including the Single-Use Plastics Directive.

**Recalculation policy**

We reserve the right to recalculate any of the KPI baseline(s), the baseline date(s), and/or SPT(s) (“sustainability characteristics”) at the occurrence of any of the following events:

- any structural change in the Issuer and/or the Group and/or in the event of a change in the Group’s perimeter further to an acquisition, disposal and merger,
- any external assessment to be conducted by us that would provide more credible and/or science-based targets,
- any change to the data availability and accuracy, discovery of historical error in the relevant data, change of sustainability reporting methodologies,
- regulatory changes.

In the case of a recalculation event, the sustainability characteristics may be amended by Żabka in good faith and subject to confirmation from a second-party opinion provider that the proposed revision is consistent with:

- the Responsibility strategy,
- and at least maintains the materiality of the original KPI(s),
- or more ambitious than the original SPT(s) and
- has no material impact on the original second-party opinion provided in connection with this framework.

## **Financial characteristics**

The proceeds of Sustainability-Linked Bonds will be used for general corporate purposes. All financing issued under this Framework has a sustainability-linked component that will result in a margin adjustment.

Targets will be tested at the Sustainability Performance Target Observation Date, (the “Observation Date”), which will be defined in the Terms of Bonds Issue.

Should Issuer fail to satisfy the chosen SPT(s) as of the relevant Observation Date will trigger, a margin adjustment for interest periods following such reference date, as applicable, payable as per the Terms of Bonds Issue.

However, for the avoidance of doubt, if the KPI(s) has achieved its SPT(s) and reporting and verification for the SPT have been provided and made public in accordance with the reporting and verification sections of this Framework, the financial characteristics of the relevant instruments issued under this Framework shall remain unchanged.

The relevant KPIs, SPTs, margin adjustment amount, as applicable, will be specified in Terms of Bonds Issue.

## **Reporting**

In order to provide investors and other stakeholders with adequate information about the progress made on the KPIs and the achievement or not of the SPTs set out in this Framework and in security-specific documentation, Issuer will provide annual reporting in line with the Principles. For Sustainability-Linked Bonds, Issuer will commit to public reporting as soon as the relevant information is available and no later than four months following the Observation Date. Additionally, for the entire period that is relevant for assessing the SPTs and related trigger events, the reporting will be published or shared with bondholders in the event of any material changes including the changes in calculation methodology.

The reporting shall be made publicly available through Issuer Annual Report (“Annual Report”).

The reporting will contain all the relevant information needed to assess if any changes to the security characteristics are to be made, including but not limited to:

- up-to-date information on the performance of the selected KPIs, including the baseline where relevant,



- up-to-date information on the KPIs outlining the performance against the SPTs and the related impact, and timing of such impact, on a financial instrument performance,
- any relevant information enabling investors to monitor the progress of the SPTs,

Where feasible and possible the Annual Report will also include:

- qualitative and/or quantitative explanations of the contribution of the main factors behind the evolution of the performance on the KPIs on an annual basis,
- illustration of the positive sustainability impacts of the performance improvement,
- updates on new or proposed regulations from regulatory bodies relevant to the KPIs and the SPTs, and potential impact on the KPIs/ SPTs/ or baselines.

## **External Verification**

### **Pre-issuance and annual verification**

A Second Party Opinion has been provided by Moody's to ensure that this Framework is respecting every element of the Principles. It will be made publicly available on Issuer website.

### **Post-issuance verification**

The annual performance of each selected KPI will be included in the Issuer's existing Annual Report at least until the last trigger event and will be subject to external verification by an independent qualified external party. Verification of KPI performance will be conducted on an annual basis. For the avoidance of doubt, the external verification will also be conducted in cases of material changes impacting the bond's financial and/or structural characteristics (such as a trigger event).

## About us

Zabka Group is the ultimate convenience ecosystem with a mission to create value by simplifying people's everyday lives. The Group serves a growing number of consumers who are looking for convenience and promotes a responsible approach towards products, packaging, customers, franchisees, suppliers and the broader environment. The ecosystem comprises Poland's leading convenience retailer with more than 11,000 physical stores (as at 31 December 2024) operated under a franchise model, supplemented by 24/7 autonomous unmanned Żabka Nano Stores. The Group also has an advanced, continually evolving digital customer offering. Its Maczfit operation delivers restaurant-quality prepared meals to consumers seeking convenient and healthy food, while Dietly is a leading online D2C meal solutions marketplace. The Group's eGrocery business is operated through two brands: Jush! and delio. Zabka Group recently entered the highly attractive Romanian market via the acquisition of DRIM. Since October 2024 the Company's shares have been listed on the main market of the Warsaw Stock Exchange.

