



Conveniently and Responsibly

2020 Responsibility Report
by Żabka Polska Sp. z o. o.

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Letter from the CEO

GRI
[102-14]¹

Ladies and Gentlemen,

you are about to become familiar with Žabka's Responsibility Report for 2020 - an extraordinary time both for our company and for the entire economy and society. The pandemic has taught us the lesson of humility and, as seen from Žabka's perspective, it has become an unexpected test for people, structures, the organisation, and its values. I can say with great satisfaction that we have passed the exam. We have shown that the right approach and exceptional ability to adapt are very useful in a highly unpredictable environment. The experience gained in 2020 allows us to be optimistic and enthusiastic when looking into the future, with some very ambitious targets lying ahead.

Despite the pandemic, the pace of our growth did not slow down in 2020. We completed the remodeling process and opened 1,000 new stores. Our business model is based on the continuous growth of the franchise format and of the technologies we rely on. Our activities in these areas are

closely integrated with the responsible business practices. We continue the expansion of our chain while simultaneously refining the modern convenience format and developing our franchise-centric philosophy. Technological advances help us implement and enhance modern working tools and innovative solutions that facilitate the process of managing stores and communicating with customers. We do all that while keeping our responsibility in mind at all times - it is our intention to promote a sustainable lifestyle, to make a mindful business impact, to continue building a responsible and ethical organisation, and to take care of the natural environment. The Žabka Group Responsibility Strategy, adopted in early 2021, confirms the approach we are following, defining our ambitions and identifying the directions we intend to follow in connection with corporate responsibility and sustainable growth. It is a declaration of our willingness to develop while fully respecting the environment. The newly adopted Responsibility Strategy is integrated with our business strategy, enabling Žabka to accomplish its mission in a sustainable manner.

The pandemic has proven to thousands of franchisees that cooperating with a stable partner is a great value allowing them to expand their businesses under such extraordinary circumstances. We earmarked PLN 100 million for supporting our franchisees during the pandemic. We supplied our stores, free of charge, with disinfectants and face masks. We also offered financial assistance to those that lost their customer base due to sanitary restrictions - for instance those operating in the vicinity of deserted business districts. This meant that our franchisees were capable of continuing their business activity, and that our customers were able to shop in a safe and secure manner.

We continuously develop other areas of responsible business as well. Żabka becomes greener every single year. The amount we invested in 2020 in optimizing our supply chain was the highest in the history of the company. Bottles in which our own brand products are sold - Foodini, Wycisk, SI!, OD NOWA - are made of 100% recycled materials. We have been placing great emphasis on green innovation - an approach that is best reflected by an environmentally friendly store in Warsaw, fully powered by 100% green energy. The store uses the quantum dots technology and has a kinetic floor that generates energy from the customers' steps. Anti-smog pavement blocks are installed in front of the store, and a green wall made of live plants absorbs harmful exhaust gas substances. The store serves as our innovation laboratory in which environmentally friendly solutions for commerce are tried and tested. We would like Żabka to become, in a few years' time, a zero emissions company that is fully carbon neutral.

We completed the year 2020 defining a common development vision, the objectives of which we are fulfilling now. The new organisational structure that was first introduced in 2020 is based on two new organisational units. The first one is Żabka Polska - teams from this unit are responsible for the commercial aspect of our operations and for the chain of our stores. The other unit is known as Żabka Future - it is in charge of developing business opportunities and technology-based tools. Strategic Leadership divisions, offering support for the entire Group, are shared by the entire organisation - these include Customer Strategy,

People and Finance Strategy, as well as the Business Services Center. While focusing on operating the Żabka Group today, we continuously think of its future as well. At the very peak of the pandemic, we decided to appoint the What's Next team. Its primary task was to develop a plan, that would be implemented once the sanitary restrictions have been lifted. It also focused on transforming our way of doing business, so we can be ready for permanently changed customer expectations while simultaneously increasing the pace of growth of our chain.

Ladies and Gentlemen,

I would like to take this opportunity to thank all those who contributed to drawing up this report. The fact that we were all working remotely made the process of preparing this document even more challenging than before. I hope you will find the information contained in this publication interesting.

With best regards,

Tomasz Suchański
CEO



Executive Summary

GRI
[102-6] [102-7] [102-10] [204-1]

About us

We are the European leader in creating convenience solutions for customers.

We operate as the **Żabka Group**, which consists of:

Żabka Polska focusing on retail activities

Żabka Future in charge of new investment projects, as well as responsible for the development of business and technology tools

Strategic Leadership, i.e. teams in charge of setting the Group's growth strategic directions



Our mission:
"We create value by simplifying people's lives"

We pursue our mission in accordance with the following values:



RESPONSIBILITY



OPENNESS



CREDIBILITY



AMBITION



About the report

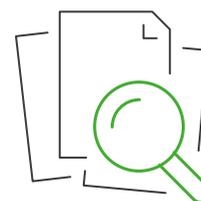
This is our 3rd
Responsibility
Report.

It presents

82

GRI indicators

and one sectoral indicator

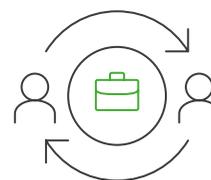


For the **1st** time
the report has been subject
to independent verification

The report
presents our

Responsibility Strategy

that has been fully integrated with
our business strategy



Increased scale of operations in 2020

6,899

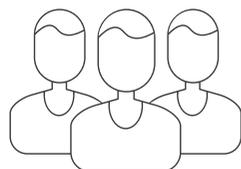
Is the number of Żabka stores operating in Poland at the end of 2020 - **the figure was by 896 stores higher than in 2019²**



We opened

1,000

new stores



Nearly

2,500,000

customers visited Żabka stores **every day**

Nearly

3.8 million

Żappka app
users at the end of 2020





98.4%

of our suppliers
come from
Poland

At the end of 2020
we were cooperating with

5,518

**franchisees (an increase by 30%
compared to 2019)** and with nearly
500 suppliers

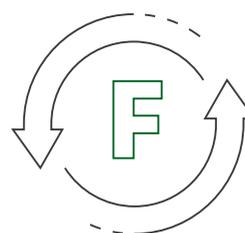
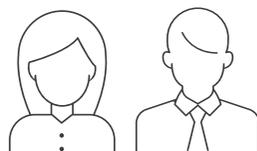


Fig.
The 1000th Żabka store opened in 2020
on Chmielna street in Warsaw

More than

33,000

jobs in Poland are directly or
indirectly created by Żabka

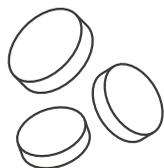


100%

of manufacturers cooperating with us were verified in
terms of their compliance with international food safety
management systems and standards

² Net number of newly opened stores, i.e. the number of new stores opened minus stores closed, as at the end of 2020.

Success despite the difficult conditions caused by the pandemic



PLN 10.2 bn

Żabka exceeded, for the first time, **10 billion in annual revenues**

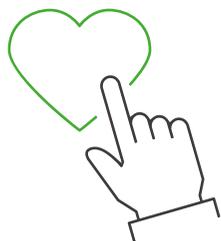


100%

of Żabka stores operate in a new format - thanks to a remodeling process completed in 2020

↑ 19%

Żabka's 2020 sales increased by **19%** compared to 2019



NPS 48 points

We have achieved **the highest customer satisfaction score ever (NPS³): it was 11 points higher than in the previous year**



³ NPS - Net Promoter Score, a method for assessing the level of satisfaction of customers, franchisees, business partners or employees. NPS values range between -100 points and 100 points, with -100 points meaning a critical opinion expressed by all respondents, and 100 points - a positive opinion.



4.24/5

We have reached a record-high level of employee involvement, measured by the Gallup Institute: **4.24/5**



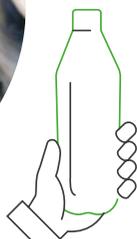
NPS up by **29** points

The NPS score describing the **level of franchisee satisfaction increased by a record figure of 29 points** compared to the previous year



More than **200**

own brand products are offered under the "Feeding Poles Responsibly" program

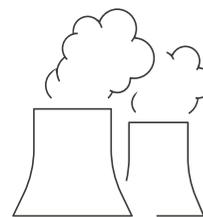


100%

of plastic used in own brands and store consumables has been recovered and recycled

-7%

decrease in greenhouse gas emissions (scope 1,2,3) by sales revenues



Socially responsible in times of pandemic



34.5 million

disposable face masks sold without profit margin



PLN 17 million

value of donations provided by Żabka

We have covered

100%



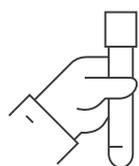
stores with the Health and Safety+ Program developed by TÜV NORD



96%

office employees were given the opportunity to start working remotely right away

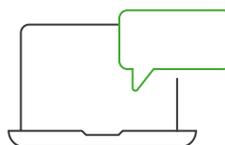




We have conducted over

20,000

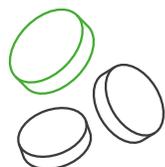
antigen tests



We have organised over

30

webinars supporting our employees in the period of isolation and remote work



We spent

PLN 2 million

on SARS-CoV-2 tests

PLN 100 million

spent to guarantee the safety of our customers, employees and franchisees in connection with the COVID-19 pandemic



7 most important future trends addressed by our strategy

For more information, please see page 144

The environment we operate in continues to change at an ever increasing pace. Increased consumer awareness, new technologies and acute environmental problems are only some of the phenomena that responsibly managed businesses must react to.

01

Towards neutrality

Climate change impacts our lives to an ever increasing degree. Poles expect the business sector to take decisive action.

Pillar:

Green Planet

02

Striving to achieve circularity

More and more companies recognize the benefits offered by a circular economy - an approach ensuring the amount of waste generated is minimized and that it is reused.

Pillar:

Green Planet

03

Always on the move

We are bound by an ever increasing number of commitments, while being always pressed for time. That is why we have learned to value proximity and convenience more than ever before.

Pillar:

Sustainable lifestyle

04

Healthy balance

We want to live healthy lives. Awareness of the importance of healthy nutrition is growing.

Pillar:

Sustainable lifestyle

05

Digital life

Digitization affects all aspects of our lives. Customers expect technologically advanced and innovative solutions that will make their lives easier and will help them save time.

Pillar:

Sustainable lifestyle
Mindful business impact

06

Openness and diversity

The number of companies appreciating the potential of diversity is growing. Only those who remain open to quick-paced social transformation will be able to succeed.

Pillar:

Responsible organisation

07

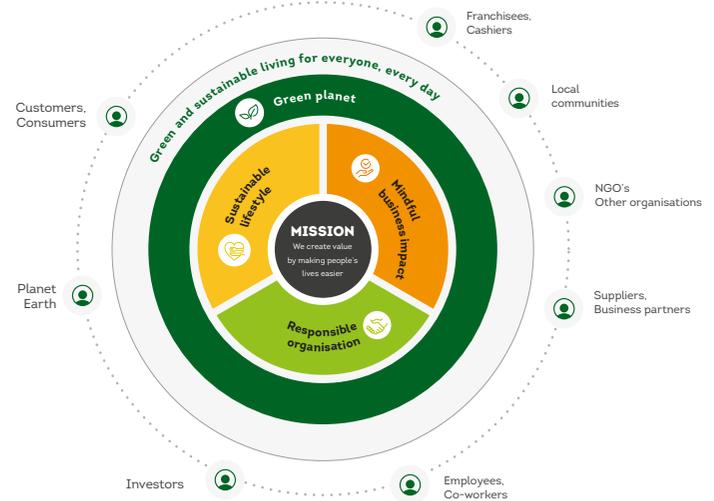
Trust is what counts most

According to research, more than half of customers consider brand trust as an important aspect of their purchasing decisions.

Pillar:

Responsible organisation
Mindful business impact

Our strategic commitment is to create conditions for a green and sustainable living for everyone, every day.



Our strategy is made up of four pillars. Specific activities we intend to undertake, as well as our quantitative and qualitative objectives were defined for each of those pillars.

For more information, please see page 140

Strategic areas and key initiatives executed in 2020 under the Responsibility Strategy

For more information, please see page 140



1. Sustainable lifestyle

Strategic areas

- 1.1 Good nutrition
- 1.2 Food waste prevention
- 1.3 Services for sustainable lifestyle

Key initiatives in 2020

- “Feeding Poles Responsibly” program
- Launching the “Click and Collect” service
- Expanding the offering by functional products (e.g. SI shots)
- Introduction of plant-based meat and dairy substitutes (e.g. Wegger - a 100% plant-based burger)
- Implementation of GSI codes and a system for managing product expiry dates



3. Responsible organisation

Strategic areas

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

Key initiatives in 2020

- Performing Health and Safety+ audits
- Standardization of non-financial indicators
- Raising the level of employee involvement compared to results from 2019
- Decreasing employee rotation compared to 2019



2. Mindful business impact

Strategic areas

- 2.1 Fostering entrepreneurship
- 2.2 Partnerships for positive change
- 2.3 Communities activation

Key initiatives in 2020

- Supporting stakeholders during the COVID-19 pandemic
- Joining the United Nations Global Compact
- Partnerships promoting the circular economy
- Introduction of Cyberstore - a modern digital tool supporting our franchisees
- Strategic partnership with Żywiec Zdrój and expansion of the network of EKOMat machines



4. Green planet

Strategic areas

- 4.1 Decarbonisation
- 4.2 Circularity

Key initiatives in 2020

- Joining the Science Based Targets initiative⁴
- Opening a store powered solely by green energy
- Reaching plastic neutrality in terms of own packaging
- Completing the store remodeling campaign and introducing new environmentally friendly solutions

⁴ In 2021.

RESPONSIBILITY STRATEGY - GREEN AND

OUR AMBITIONS AND COMMITMENTS

SUSTAINABLE LIFESTYLE 			MINDFUL BUSINESS IMPACT 		
<p>We offer more sustainable and conscious choices to make it easier for our customers to change their habits for better – for them and the Green Planet.</p>			<p>We make impact on entrepreneurs and local communities to drive positive change and sustainable business development.</p>		
					
1.1. GOOD NUTRITION	1.2. FOOD WASTE PREVENTION	1.3. SERVICES FOR SUSTAINABLE LIFESTYLE	2.1. FOSTERING ENTREPRENEURSHIP	2.2. PARTNERSHIPS FOR POSITIVE CHANGE	2.3. COMMUNITIES ACTIVATION
<p>We will double the sale of own brand food products that promote a healthy and sustainable lifestyle (measured by sales value, in millions of PLN)</p> <p> 2025</p>	<p>We will reduce the weight of food waste in our own operations and stores by 25% compared to the base year 2020 and ultimately, we will reduce it by half</p> <p>after  2025</p>	<p>We will be increasing the level of our customers' satisfaction by 2 points each year (NPS score), making sure that Zabka becomes their first choice</p> <p></p>	<p>We will raise the level of our franchisees' satisfaction with cooperation with Zabka, measured with the use of the NPS score, by 15, ensuring that Zabka is considered the best franchise model in Poland</p> <p> 2025</p>	<p>We will be the best partner supporting innovative and responsible initiatives and solutions</p> <p></p>	<p>We will engage our employees and business partners*, in 50,000 interactions per year, in activities promoting sustainable growth</p> <p> 2025</p>
			<p>We will increase the percentage of franchisees cooperating with Zabka for at least 36 months to 70%</p> <p> 2025</p>		
<p>* including: franchisees and their employees</p>					

SUSTAINABLE LIVING FOR EVERYONE, EVERY DAY

OUR AMBITIONS AND COMMITMENTS

RESPONSIBLE ORGANISATION 			GREEN PLANET 	
<p>We shape purpose-led trusted organisation of empowered people committed to sustainable value creation.</p>			<p>We minimise our environmental impact across the whole value chain to protect Green Planet.</p>	
				
3.1. DIVERSITY AND INCLUSION	3.2. GOVERNANCE AND RESPONSIBLE MANAGEMENT	3.3. TRANSPARENCY AND VALIDATION	4.1. DECARBONISATION	4.2. CIRCULARITY
<p>We will increase the engagement of Zabka employees to find our way to the top 25% of employers, according to the Gallup Institute study</p> <p></p> <p>We will increase satisfaction among employees, measured by the eNPS score, to above 65</p> <p></p>	<p>We will train 100% employees on business ethics principles and obtain their acknowledgment, we will enhance a working culture based on those principles</p> <p></p> <p>We will familiarize 100% of our business partners with the Code of Conduct and will ensure they have confirmed that in writing, we will build our cooperation based on the Code of Conduct</p> <p></p> <p>We will take ESG indicators into account while making all our key decisions and investments</p> <p></p>	<p>We will be reporting externally in accordance with the best practices, taking into account international standards</p> <p></p>	<p>We will become climate-neutral (in terms of greenhouse gas emissions related to scopes 1 and 2)</p> <p></p> <p>We will limit the greenhouse gas emissions intensity of scope 3 (in accordance with Science-Based Targets)</p> <p></p>	<p>We will become plastic-neutral (by recovering and recycling 100% of plastic introduced to the market by Zabka)</p> <p></p> <p>after </p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p> objectives achieved on a continuous basis</p> <hr/> <p> objectives to be achieved by 2025</p> <hr/> <p>after  objectives to be achieved after 2025</p> </div>

Our strategic transformation

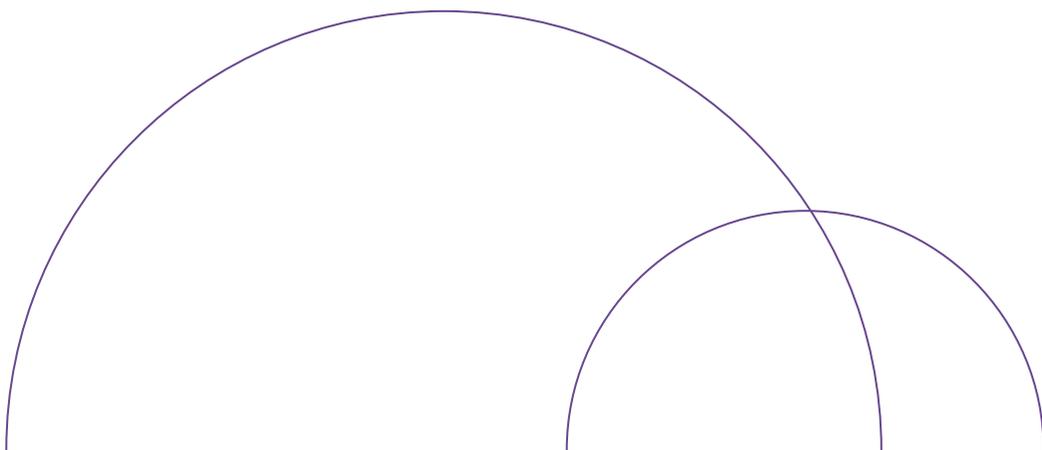




Fig.
Zabka store,
Domaniewska street,
Warsaw

Purpose driven convenience model

GRI
[102-16]

On average, nearly 2.5 million people visit their local Żabka stores each day. **We are close to our customers - in the neighborhood, just around the corner - and on their way. Our stores are located not only in the centers of big cities and business districts, but also in smaller towns.** We continue to open new stores and to reach places that are unavailable for other chains, such as metro stations, private dormitories or beaches. **Żabka is always on your way, successfully continuing the tradition of local shops, but expanding it by new opportunities that are enabled by the use of new technologies.**

We know what our customers need - we listen to them closely every single day. The offering of Żabka stores is tailored to local needs. They are also characterized by an attractive layout and are open from 6 am to 11 pm. Most customers visit a Żabka store at least once a week. We aim to offer a comprehensive range of services - you can pick up a courier parcel, withdraw cash or enjoy a hot coffee at our stores.

At Żabka, we prove quantity and quality can go hand in hand. **We combine the status of the largest chain of convenience stores in Central and Eastern Europe with high quality of service and a broad product offering.** Żabka's mission is to "create value by making life easier." This slogan embodies the message of our entire organisation and of our format - it is our commitment towards customers, franchisees and employees.

We are a large, reliable and trustworthy business partner for thousands of franchisees and for hundreds of our producers and suppliers. **We support the Polish economy, promote entrepreneurship and create - directly and indirectly - tens of thousands of jobs across Poland.** As a company, we make sure our growth is both sustainable and responsible.

However, we would not be able to enjoy our success without an entire community focusing on the same values. We are all bound by those values that determine who we want to be and how we want to act for thousands of franchisees and for hundreds of our producers and suppliers.



Fig. A seasonal Żabka store in Jarostawiec



Fig. Żabka store, Domaniewska street, Warsaw



RESPONSIBILITY

We pursue our mission in a manner that is **responsible** towards our employees and partners, customers, franchisees and business partners, as well as towards the natural environment and local communities in which our stores operate. By making everyday decisions, we are aware of their impact on our business partners and on the satisfaction of our customers. We take responsibility for the impact our activity exerts on the planet. We expect our partners to show the same attitude as well.



OPENNESS

We are **open** to innovations, changes, discussions and different opinions, as well as to new trends and opportunities. We have the courage and willingness to think outside the box.



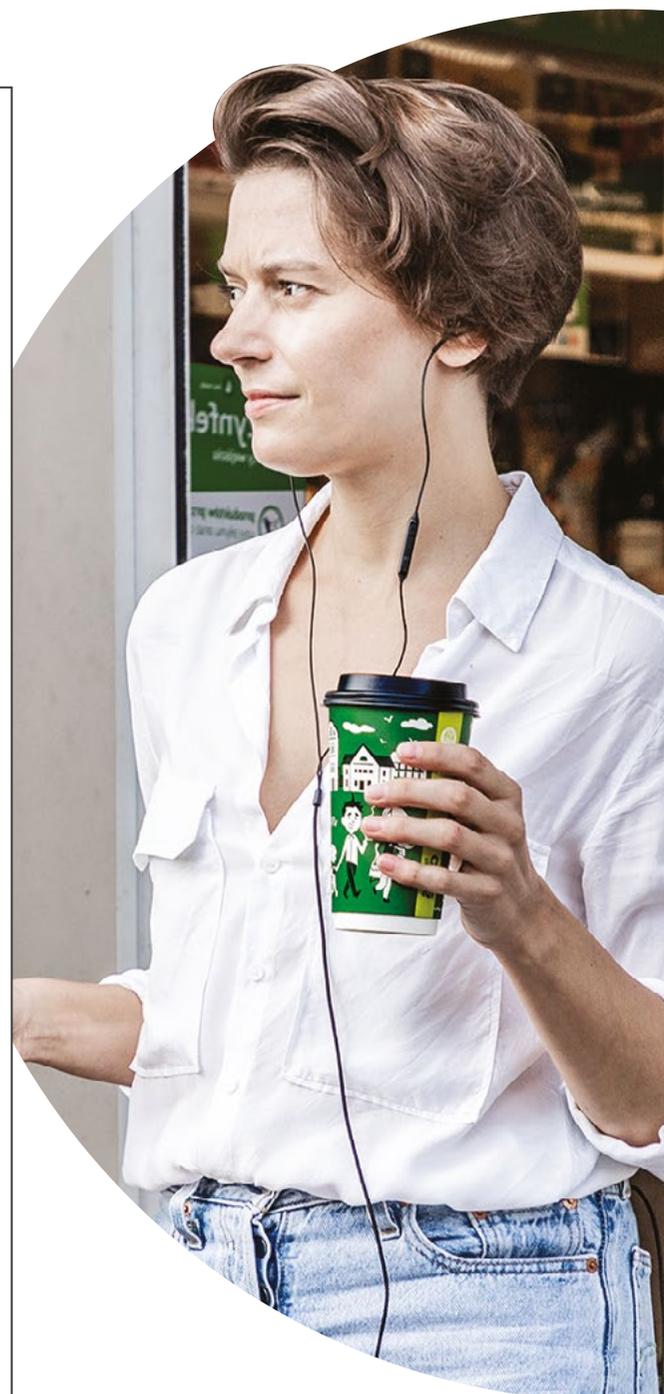
CREDIBILITY

We attach great importance to our **credibility**. We want to be trustworthy in the eyes of our employees, franchisees, customers and business partners. We communicate in an open and respectful way and we talk about difficulties frankly. First and foremost, we want to be authentic - by ensuring our actions match our declarations. We base our decisions on objective survey results, on experience and on proven assumptions.



AMBITION

The Żabka chain we are building together, is **ambitious** and consistently makes sure its intentions become reality. We set daring objectives and are known for being persistent in their achievement and for striving to grow on a continuous basis.



Our business model

GRI
[102-2] [102-4] [201-1]

Our business model is based on establishing, running and developing business activity in accordance with the **modern convenience format** that is customer-centric and that focuses on fulfilling the customers' needs quickly and conveniently. **Żabka Polska**, being in charge of the retail area, is the largest business unit within the Group. It is managed by Adam Manikowski. **Żabka Future** is another important unit that is responsible for development of business and technology-based tools. This unit is headed by Tomasz Blicharski.

ŻABKA GROUP*					
Tomasz Suchański CEO					
BUSINESS UNITS		STRATEGIC LEADERSHIP			Central functions
ŻABKA POLSKA	ŻABKA FUTURE	CUSTOMER	FINANCE	PEOPLE	
<p>Adam Manikowski Vice-President of the Management Board, Managing Director of Żabka Polska</p>	<p>Tomasz Blicharski Vice-President of the Management Board, Managing Director of Żabka Future</p>	<p>Anna Grabowska Vice-President of the Management Board for Consumer Strategies</p>	<p>Marta Wrochna-Łastowska Member of the Management Board, Financial Strategy Area</p> <p>Business Services Center</p>	<p>Jolanta Bańcerowska Member of the Management Board, Personal Strategy Area</p>	<p>Legal and Compliance Department</p> <p>Corporate Affairs Department</p> <p>Value Creation Plan Officer</p>

* From 01.01.2021. Transformation was conducted in 2020.

We have distinguished specific divisions supporting the Group's development. These include the following: strategic, human resources and organisation culture, as well as financial divisions. Anna Grabowska is in charge of **the Consumer Strategies Team**, Jolanta Bańcerowska is responsible for **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. However, due to the fact the Responsibility Strategy is closely interrelated with the business strategy, each of the Management Board members is in charge of pursuing responsibility-related objectives within the individual areas they oversee.

Żabka Polska is a company that is in charge of a chain of modern convenience stores. The primary objective of such stores is to make the everyday lives of their customers easier. Therefore, our stores are usually small (67 m² on average) and exist at convenient locations with good transport connections. The stores are franchised. Our chain derives its **strength from 5,518 franchisees⁵ enjoying comprehensive, guaranteed** support in running their businesses. We appreciate the entrepreneurial spirit. That is why Żabka allows all those interested to start cooperating with us to open their own business. Customers, in turn, benefit from an innovative selection of goods that allowing them to accomplish impulse-based shopping missions.

⁵ As at the end of 2020.

The effectiveness of our business model is confirmed by last year's results - Żabka finished 2020 with a record-high financial result and a 19% increase in sales.

We create and market **own brand products**, such as, inter alia, lunch meals (**Szamamm**), hot snacks served "on the go" (**Żabka Cafe**), sandwiches (**Tomcio Paluch**), healthy snacks (**Foodini, Haps**) and beverages (**OD NOWA, Wycisk, Shots S!**).

Our business model is also based on efficient implementation of innovations and new technologies. Żabka Future is a Żabka Group entity that was established in 2020 and is tasked with **identifying, creating and developing business opportunities**, as well as **technology - and system-based tools for the future**.



Management structure

GRI
[102-1] [102-3] [102-4] [102-5] [102-18]

Our activity on the Polish market is conducted by the parent company operating under the name of **Żabka Polska sp. z o.o.**

OWNERSHIP STRUCTURE⁶

Heket Investments S.à r.l. - **100% of shares**

SUBSIDIARIES:

Logistic Property Investment sp. z o.o.
- **100% of shares**

Retail Technology Investments sp. z o.o.
- **100% of shares**

Żabka Automatic Logistics - **100% of shares**

Żabka Polska sp. z o.o. (formerly: Sarley Investments sp. z o.o.) was established pursuant to the articles of associations drawn up in the form of a notarial deed of 23 August 2016. The share capital of Żabka Polska sp. z o.o. equaled, as at 31 December 2020, PLN 113,215,000. The registered office of the Company is located at 8 Stanisława Matyi Street in Poznań. As at 31 December 2020, the sole shareholder of Żabka Polska sp. z o.o. was Heket Investments S.à r.l. with its registered office in Luxembourg, at 20 Monterey Street. The Company does not have any branches.

SUPERVISORY BOARD



Krzysztof Krawczyk
Chairman of the Supervisory Board



István Szőke
Member of the Supervisory Board



Jean-Rémy Roussel
Member of the Supervisory Board



Jacques de Vaucleroy
Member of the Supervisory Board



Stephan Schäli
Member of the Supervisory Board

⁶ as at the end of 2020.

MANAGEMENT BOARD

As at the date of publication of this Report, the Management Board consisted of:



Tomasz Suchański
CEO



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



Anna Grabowska
Vice-President of the Management Board for Consumer Strategies,
Chief Commercial Officer



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



Jolanta Bańczerowska
Member of the Management Board,
Chief People Officer



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



A Board of Franchisees, made up of 14 Franchisees elected in a universal vote, is an advisory and opinion-making body supporting the managerial staff.

Our business in practice

We develop our business model by focusing on the growth of the format and on technological advances, while simultaneously integrating those activities with the responsibility of our brand.



FORMAT EVOLUTION

Expansion of our network, refinement of the modern convenience format and growth by franchise-centricity.



DIGITAL EVOLUTION

Implementation and refinement of modern working tools, innovative solutions facilitating the management of stores, efficient communication within the company and with customers, as well as the use of artificial intelligence in making business decisions.

TRANSFORMATION



TRANSFORMATION OF RESPONSIBILITY

Our strategic commitment is to create condition for green and sustainable living for everyone, every day. Our mission is to create value by simplifying people's lives, inter alia by promoting a sustainable lifestyle, by making a positive impact on the social and natural environment, and by implementing responsible business practices.

Format Evolution

We have been consistently implementing, our format development philosophy for a number of years now, Despite the pandemic, we have managed to achieve the strategic goals we assumed. Strategic transformation of our format is based on:



Expansion of the chain

We want to be closer to our customers. Therefore, we increase the number of our stores and strive to establish our presence at new locations. Development remains one of the key factors influencing the creation of value in the long-term:

- In 2020 **we opened 1,000 stores** and in 2021 we are planning to open another 1,100 outlets.
- We are developing the format of our stores in order to adapt it to new types of locations and to our very ambitious expansion goals.
- **We rely on artificial intelligence and advanced analytics** to evaluate new store locations.
- We are investing in the development of the logistic network and in the automation of our distribution centers - in 2020 we opened, inter alia, **a modern cold warehouse in Komorniki and a Logistics Center in Tyniec Mały near Wrocław**. In 2022 we plan to open a highly automated Logistics Center near Warsaw.



Continuous refinement of the modern convenience format

Our mission of transforming our stores into modern convenience format remains valid even in the face of the COVID-19 pandemic. We always put customers at the very center of all our activities. In 2020, improvement was recorded in **all areas that are significant from the**

point of view of customer satisfaction. Our customers appreciated the following: shopping experience, offering, modern store layouts and interactive tools (the app), as well as our efforts related to social responsibility and to caring for the natural environment

Our strategic goals are based on the following pillars:

- We effectively respond to our customers' needs by offering a **well-considered and innovative product range that is tailored to their needs**, and by offering attractive promotional campaigns,
- **We are investing in the development of our own brands**, primarily in the Quick Meal Solutions (QMS) area - convenient, ready-to-eat lunch or dinner meals, healthy and natural snacks, as well as hot takeaway meals and beverages,
- We are introducing new **convenience services** (e.g. drop-off and pickup of courier parcels, payment of utility bills),
- We are using **modern communication channels** to stay in touch with our customers and to build an image of a modern brand, (e.g. Żappka app),
- We are boosting our effectiveness by implementing a data platform for suppliers: **Advanced Customer Insight Tool.**



Franchise-centricity

Franchisees play a crucial role in our business model. Therefore, we support our franchisees in their operations and strive to satisfy their needs to the best of our ability. Being a franchisee-oriented organisation, we focus on **continuously increasing the quality of our franchise**, on recruiting new candidates, cooperating with the Board of Franchisees, increasing the efficiency of processes related to running a store, as well as developing digital tools for franchisees:

- We harness the capital of our brand to speed up recruitment on the crisis-stricken labor market.
- **We continue to increase the cost efficiency of our franchisees** by automating store management processes and by continuing to develop mobile solutions used for that specific purpose (the former Frappka app for franchisees, currently known as Cyberstore), as well as by segmentation of the product offer of individual stores, by adjusting their offering to specific locations, and by developing the modern convenience format.
- We continue to offer training courses to franchisees and support them in their everyday activities.

99

We want to expand our commercial activity based on continuous refinement of the format in which our stores operate. We are able to do that, inter alia, thanks to a network of committed franchisees whose work we aim to simplify. The remodeling campaign completed by Żabka in 2020 makes our format even more open and accessible. It should not be taken for granted that convenience and time-savings are the requirements of city inhabitants only - our stores, formerly associated mainly with big cities, successfully establish their presence in much smaller towns as well. We are a neighbor of the Poles. We strive to combine the nearby location of our stores with high levels of convenience and comfort for our customers. By optimizing the solutions that allow our customers to shop in a quicker and easier manner, and to take advantage of our services, Żabka stores prove how much the community needs a modern convenience format that makes our lives easier and allows customers to run a number of other errands, such as paying bills and picking up parcels, while shopping.

99



Adam Manikowski

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



Awards received in 2020, confirming Żabka's business success:

- **Retailer of the Year 2019** - Small-format stores category
- **Food Market Award 2020** - an award for the expansion rate and for the qualitative leap into the future of commerce, made with the help of modern technology
- **The Heart Corporate Innovation Awards 2019** - CEO of the year for Tomasz Suchański
- **Business Retail Awards 2020** - Wydawnictwo Gospodarcze, award in the "market trend creator" category
- **Grand Prix and Golden Effie in the Long Term Marketing Excellence** category - for the "Żabka - little big store" campaign

Digital Evolution

Żabka has become **the most rapidly developing convenience chain in Europe and one of the most dynamic formats globally**, thanks to a competent use of state-of-the-art technologies. Digital evolution is one of the pillars of our growth - **approximately 15% of Żabka employees focus solely on identifying and implementing innovative solutions.**

Technologies are the basis for the majority of processes taking place at Żabka.

The development of the e-commerce sector, accelerated by the COVID-19 pandemic, offered new investment opportunities allowing us to achieve the position of a technology market leader. Our ambitions and actions undertaken in this area include the following:

- **Increasing online sales by PLN 2 billion over the next 3-5 years** - all our stores support the “Click and Collect” model that relies on the Żappka app.
- **Building the “Store of Tomorrow” concept.**
- **Use of analyses performed by artificial intelligence** to achieve a competitive advantage in a dynamically changing environment.

The process of selecting new Żabka store locations is supported by modern technological solutions as well. We rely on artificial intelligence to process massive amounts of data, and our chain is capable of analyzing any potential location in Poland, taking into account several hundred different parameters. The algorithms used by Żabka are capable of studying customer flows, competition levels and customer’s inclination to shop in our chain. In consequence, we can open stores located at relatively small distances from one another, providing several million Poles with access to a Żabka store within a distance of no more than 300 meters from their homes.

Just as it is the case with location-based decisions, **state-of-the-art systems support the existing stores as well.** Artificial intelligence-based analyses help select the product offering of each location, and even determine the manner



the products should be displayed on site. Digitization has also changed the way we communicate with our customers. Żappka is an app that is used by 3.8 million users - they are informed about promotional campaigns that are tailored to their current needs. By analyzing the sales-related data of each store, the app adjusts promotions to the current needs of customers. We do not want to be surprised by any changes.

That is why we make time today to think of what our stores will look like in the near or distant future and continue to work on the “Store of Tomorrow” concept. As part of such work, we verify different technologies, so those that find their way to the stores on a broader scale are capable of comprehensively satisfying the needs of customers, franchisees and of the chain itself.

Digital screens, smart shelves, electronic price tags and devices allowing customers to collect their parcels without the need to interact with the cashier are tested. These projects involve different areas related to, inter alia, store management or to the shopping process itself.

Our approach to innovation is best described by the establishment of Żabka Future. Launched in 2020, this business unit operates within the framework of the newly established Żabka Group.

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Our stores are known for a combination of diverse technological solutions that aim at streamlining and facilitating the shopping experience. It is our intention to make sure the experience of our customers is positive. We are supported in those efforts by artificial intelligence that changes the manner in which the stores operate and affects the quality of our services. Such an approach turns Żabka stores into modern commercial facilities that rely on advanced analytics for the purpose of adapting the communication model to the store's location, to the holiday calendar or to customer expectations.



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

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Awards received in 2020 and confirming Żabka's success in the field of innovation and technologies:

- **Digital Academy** – Digital Shapers 2020 award for Tomasz Blicharski in the digital transformation category
- **Mobile Trends Awards 2019** – 1st place in the commerce category and 3rd place for Żappka app in the “best apps in Poland” category
- **Golden Innovations FMCG & Retail 2020** – an award in the B2B apps category for the Cyberstore app

GOOD PRACTICE

Testing even quicker and more efficient shopping solutions at Żabka

At Żabka, we work on the implementation of the technology allowing to do shopping without the need to use a cash register and to interact with the cashier - more conveniently, safely and rapidly than at a traditional store. Successful completion of the initial tests in 2020 has allowed us to apply the solution in completely new stores, including those much smaller than the standard ones. Those outlets will offer mainly impulse-driven and essential products, food-to-go, beverages and snacks, as well as Żabka Cafe products. They will be open 24 hours a day, 7 days a week. Paying for purchases will be possible with the use of Żabka's mobile app (Żappka). The door will be opened using a smartphone.





Fig.
Testing technology-based solutions
at a Zabka store.

Transformation of responsibility

Responsibility is a part of our DNA. It is one of the four Żabka values and defines our mission. We create value by making people's lives easier. We promote a sustainable lifestyle, making it easier for customers to improve their everyday habits for the benefit of themselves and the planet. **We want to make sustainable choices simple and convenient.** Owing to the business model and the franchise format we have adopted, we foster of entrepreneurship. By cooperating with business partners, suppliers and local communities, we make a mindful business impact on our surroundings. We build a reliable organisation that is based on the culture of equal opportunities, with the team being involved in the development of business opportunities and in its own growth. We adopt a strategic approach to activities related to social and environmental responsibility, by integrating environmental, social and governance-related factors (ESG) - our Responsibility Strategy with the business strategy. We do not focus on building our financial capital only. We also strive to enhance our human, intellectual and social capital. We create financial and non-financial value for all our stakeholders. It is one of our goals is to minimize the negative environmental impact throughout the entire value chain of the Żabka Group.

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We do believe that green and sustainable living is possible for all of us, every day. This is our commitment we will be working to achieve in the years to come. We want to promote a sustainable lifestyle, make a positive impact on the external world, promote the culture of equal opportunities, implement the best governance practices and become Central Europe's greenest convenience chain. Fulfillment of those ambitious goals requires engagement, time, resources and, first and foremost, good teamwork. Please be invited to participate in the transformation of Żabka Group responsibility.



Rafał Rudzki
ESG Director

99



PILLAR I: SUSTAINABLE LIFESTYLE

We offer more sustainable and conscious choices to make it easier for our customers to change their habits for better - for them and the Green Planet.

Our capitals engaged for the implementation of the strategy

- Financial
- Manufactured
- Intellectual
- Human
- Social and relationship
- Natural



PILLAR III: RESPONSIBLE ORGANISATION

We shape purpose-led trusted organisation of empowered people committed to sustainable value creation.

- 1.1. Good nutrition
- 1.2. Food waste prevention
- 1.3. Services for sustainable lifestyle



**PILLAR II:
MINDFUL BUSINESS IMPACT**

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

- 2.1. Fostering entrepreneurship
- 2.2. Partnerships for positive change
- 2.3. Communities activation



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



**PILLAR IV:
GREEN PLANET**

We minimise our environmental impact across the whole value chain to protect Green Planet.

- 4.1. Decarbonisation
- 4.2. Circularity



RESPONSIBILITY



OPENNESS



CREDIBILITY



AMBITION

The Żabka Group identifies capitals while considering its values and best practices

For more information about our values, please see page 21

Our Responsibility Strategy is integrated with our business strategy. It combines the values we believe in with the prospect of creating value by relying on 6 types of capital recommended by the International Integrated Reporting Council. Such an approach allows us to maximize our values in a comprehensive manner, not only in relation to financial results, but also to our responsibility for a better tomorrow.



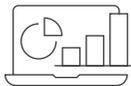
Financial capital

Created through our **operating and investment** activity as well as financing via loans, credits or grants.



Manufactured capital

Created through **distribution of products and services** using our logistic network, via the involvement of the network of franchisees and their stores.



Intellectual capital

Particularly important to us - 15% of our employees focus on implementing new solutions and innovations. **We look for efficiency and for technologies** allowing us to continue developing our business model.



Human capital

Created through **competence, experience and motivation of our employees** striving to develop and to innovate, as well as through our common values and equal opportunities culture.



Social and relationship capital

Created through **our involvement in knowledge sharing, creating new partnerships** for positive change and making impact on local communities.



Natural capital

Encompassing all **renewable and non-renewable resources** and processes that make the delivery of our products and services possible.

Fig. Żabka Polska Logistics Center, cold warehouse in Komorniki



99

The future belongs to companies that care not only for their financial results, but also for the people and the planet.

Therefore, at Żabka, we prove that responsible shopping can be simple, fast and convenient. We believe everyday shopping should be a part of a sustainable lifestyle and that great changes consist of small decisions made at the cash desk of our stores as well. We are changing the product offering and facilitate the improvement of everyday shopping habits for the benefit of customers and the Earth. We are reinforcing our customers' awareness of the impact that consumption exerts on the condition of our planet.

We provide each customer with access to healthy and safe food that is produced and sold in line with our environmental care attitude. We meet customer expectations not only in terms of the products themselves, but also their packaging. We have been the first on the market to introduce products with fully recycled packaging materials.

99



Anna Grabowska,
Vice-President of the Management Board for Consumer Strategies,
Chief Commercial Officer



Awards received in 2020 recognizing Żabka's activities in the field of corporate responsibility and sustainable growth:

- **Awards of the Polish Association of Capital Investors** – green portfolio company 2020
- **Blix Awards** – consumers' choice as the most pro-social chain of the year in the convenience category
- **Golden Arrow** – for the "Żabka helps" campaign
- **Environmentally Friendly Company 2020** – award by "Gazeta Finansowa"
- **Best Employer 2020** – a ranking by "Gazeta Finansowa"
- **Trustworthy Employer** – in the health category
- **Employer Branding Excellence Award 2020**, Employer Branding category for Żabka Play



Sustainable lifestyle

01

Sustainable lifestyle

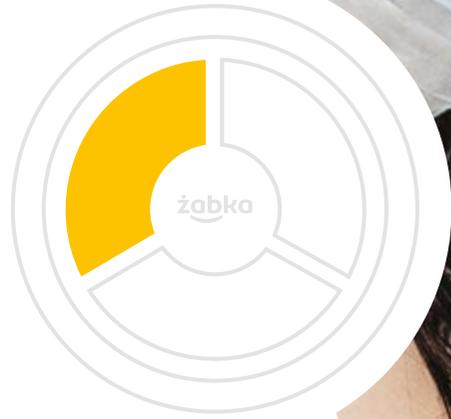




Fig.
Żabka store in Poznań

Key figures



3.8 million

number of Żappka app users at the end of 2020

2.5 million

customers visit Żabka stores every day



1/4 million

customers supported the "You exchange, we double! Helping hospitals together" campaign

12 million

Poles have access to a Żabka store located less than 300 meters away

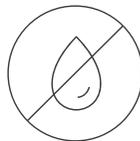


A record-high customer satisfaction result with an increase by 11 points compared to 2019



NPS 48 points

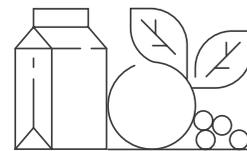
100%



We have fully eliminated palm oil from own brand products

More than

200



own brand products are offered under the "Feeding Poles Responsibly" program

PLN 119 million

value of sold food products of own brand, that promote a healthy and sustainable lifestyle

What are we striving to achieve?

GRI
[103-2] [103-3]

We want to facilitate the process of changing the customers' everyday habits to ensure those habits are better for themselves and for the planet, making sustainable choices obvious. **Customers are at the heart of all our activities** - valuing their convenience, safety, trust and satisfaction. We want to offer our customers the opportunity to make responsible choices in everyday shopping. **A contemporary Żabka is more than just a grocery store.** We offer the unique advantages of the modern convenience format - modern facilities that allow to save time in everyday life. We help our customers live green and sustainable lives by acting in **three key** areas:

- **Good nutrition** - we want to double the sale of healthy and sustainable products by 2025;

- **Food waste prevention** - we act to significantly reduce the scale of this phenomenon within our own operations;
- **Services for sustainable lifestyle** that gradually develop to raise the level of customers' satisfaction.

99

I appreciate Żabka mainly for being more than just a store - apart from shopping, you can eat something hot, have a coffee and send or collect a parcel. Goods that you cannot find anywhere else are available at Żabka as well. These include, inter alia, plant-based products, such as Wegger, or liquid snacks. I appreciate the friendly service too.

99

Statement by a regular customer provided in a qualitative study, as an answer to a question about NPS, Embis, 11.2020

Our commitments



1.1 Good nutrition

GRI
[103-2] [103-3]

Why is it important?

Food is part of our culture. It brings people together and provides nutrients that need to be diversified and balanced in order for us to live in good health. The significance of good nutrition and sustainable consumption has been reflected by the UN in the goals of the 2030 Sustainable Development Agenda. The Agenda raises the issue of obesity and excessive weight that concerns 23.1% of adults in Poland - this share has been increasing continuously since 2005.⁷

The 2030 Agenda points also to the need for more sustainable lifestyles and consumption behaviors, as food production is not the only area that impacts the environment (agriculture, food processing). Through their selection of food products, diets and habits, households also exert an impact on their surroundings, including, inter alia, on the amount of consumed energy or wasted food.

Additionally, the pandemic has increased interest in products that strengthen the human body and have a positive impact on our health. **Due to the coronavirus pandemic, as many as 53% adult Poles decided to include more nutrients in their diet to boost their immunity.**⁸ Ever more frequently do customers make informed decisions through selecting products of better quality, taking account of their ingredients and nutritional values.

Our contribution

Every day we serve millions of Poles and want our food products to be not only tasty, but most of all - healthy. We provide our customers with access to high-quality products, making it easier for them to be on a healthy and balanced diet. The products offered at our stores meet the different needs of our customers. We not only provide them with food, but also with such products as alcohol and cigarettes. Therefore, **the responsible sale of such products and making sure they are balanced by the availability of healthy goods** is what matters to us a lot. The „Feeding Poles Responsibly” program under which over 200 own brand products are offered that may be used by to compose all meals during the day is a good manifestation of our responsible approach. Our ambitions are pursued by increasing nutritional value, by providing good ingredients and by ensuring the transparency of products, not only when it comes to their ingredients and origin, but also to their contribution to our health.

We intend to be the leader of the market, remaining one step ahead of legal regulations. That is why we have **begun preparations to implement a product health index system.** The index will be shown on the packaging of our products. We do not restrict our efforts to own brand products only. We also cooperate with our trade partners to make sure that our product offering facilitates healthier choices made by our customers.

⁷ FAO, IFAD, WFP, UNICEF, <http://www.fao.org/documents/card/en/c/ca9692en/>
⁸ Mintel, <https://www.mintel.com/mintel-next-day-summit-2020>

Our goals



01

We will mark 100% of ready-to-eat or ready-to-heat own brand products with a Nutri-Score food label (or its equivalent) by 2023

02

50% of ready-to-eat or ready-to-heat own brand products with a Nutri-Score food label (or its equivalent) of A or B by 2023

03

We will reduce average salt content in our own brand food products by 10% by 2023 (2020 baseline: 1/100g)



04

We will reduce average content of sugar in our own brand food products by 10% by 2023 (2020 baseline: 6/100g)



05

We will increase the share of own brand food products without preservatives in the overall sales volume to 75% by 2023 (2020 baseline: 69%)

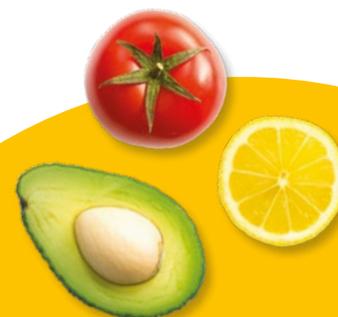


06

We will increase the share of own brand plant-based products in the overall sales volume to 20% by 2023 (2020 baseline: 16%)

07

We will increase the share of own brand food products that promote a healthy and sustainable lifestyle in the overall sales volume to 35% by 2023 (2020 baseline: 30%)



We will double, by 2025, the sale of own brand food products that promote a healthy and sustainable lifestyle - measured in millions of PLN

What have we done so far?

We have increased the content of vegetables, fruit, nuts and seeds in our products

Fruit and vegetables play a very important role in human nutrition. They are a source of numerous nutrients, such as potassium, fiber, folic acid, provitamin A and vitamin C. **In 2020, we expanded the range of our Foodini products - liquid, natural, 100% plant-based snacks - by variants containing cereals, seeds and plant proteins.** The production process of Foodini, Wycisk juices and S! shots **relies on the innovative HPP** (High Pressure Processing) technology. Replacing pasteurization, this technology guarantees that natural ingredients maintain their nutritional values, abundance of vitamins and the natural, fresh taste.

We have provided a broad selection of nutritional and functional products

During the pandemic, many people changed their lifestyles as well as working and shopping habits. Health, immunity and hygiene have become a top priority almost overnight, and demand for products allowing us to be in good shape has increased. **A new line of S! shots has been our response** to these needs. S! are intense juice shots in small (110 ml) bottles.

Thanks to HPP technology, the product maintains its nutritional values and does not require any preservatives or additives. The bottles are 100% recycled. Our offering includes S! shots with a billion of live Baccilus Coagulans bacteria cultures, additionally enriched with apple vinegar, ginger-based "Immunity" S! shots and "Metabolism" S! shots containing cayenne pepper and turmeric.

At Żabka, we have also decided to begin a multi-stage process of reducing the amount of salt in our own brand products, replacing it with suitable natural spices, so customers do not experience any difference in taste. An over 50% reduction of salt content in the Szamamm cucumber soup is a perfect example of our activities.

Excessive consumption of sugar also contributes to the worsening health status among Poles. Being aware how frequently young people choose our beverages, we have been gradually reducing their sugar content since 2019. Liquid Foodini snacks and Wycisk juices do not contain any added sugar at all.

We have introduced plant-based meat and dairy substitutes

Over 45% of Poles declare they do not eat or try not to eat meat.⁹ Due to the scale of our operation - closeness and availability both in big cities and small towns - we are a company that democratizes plant-based meat and dairy substitutes by making them available at locations where no such products were available before. We meet the expectations of customers who limit or eliminate meat and dairy products from their diet. In 2020, we introduced, inter alia, Bakoma AveVege desserts, milk-free Violife slices, Veggo snacks, Dobra Kaloria meatless balls and burgers, as well as hot snacks available exclusively at Żabka - meatless hot dogs and the Wegger plant-based burger.



We have simplified the list of ingredients

In line with our strategy, we are limiting the content of those ingredients that can exert an adverse impact on our health. Our Research & Innovations team constantly analyzes trends, as well as seeks new tastes and solutions by relying on the available technologies and on its know-how. New brands and products are designed in accordance with rules limiting the amounts of additives used:

- **Szamamm** are ready-to-eat meals for every occasion, to quench hunger or to respond to culinary whims. All their dishes are free of preservatives. Specially marked meatless dishes are available as well.
- **Haps** are one-bite snacks, ideal for the urgent need to munch and nibble. The entire range of Haps products is manufactured without the addition of palm oil, colouring agents, synthetic sweeteners, flavor enhancers and stabilizers.
- **Dobra Karma** is a range of light lunch meals and snacks that do not contain any preservatives, flavor enhancers, sweeteners, and colouring agents.
- **Le'Frog** is a brand of fresh lunch meals introduced in 2020. No more than 24 hours pass from the moment of preparation to placing the snacks on the store's shelf. The Le'Frog range consists of precisely composed meals that are often designed by restaurant chefs.

GOOD PRACTICE



Plant-based burgers for everyone

The Wegger burger, introduced in October 2020, made of non-GMO soy, has won the hearts and palates of our customers. The unique taste of Żabka's "Wegger" is guaranteed by a perfect combination of ingredients - a high-quality wheat roll with sesame seeds, golden "Jak Nuggetsy" plant-based nuggets whose taste and texture resembles chicken meat, by The Vegetarian Butcher, made of non-GMO soy, Gouda-flavored "Bez deka mleka" vegan slices, vegan mayonnaise-based sauce with a drop of ketchup, spicy sriracha sauce and marinated paprika and cucumber for added flavor. The "Wegger" may be purchased warm or as a ready-to-heat takeaway option. The "Wegger" has won second place in the RoślinnieJemy competition, in the best plant-based product category.

100%
ROŚLINNY



1.2 Food waste prevention

GRI
[103-2] [103-3]

Why is it important?

Wasting food is one of the greatest challenges faced by the modern world. The scale of the problem is huge - over 1 billion tons of food is wasted each year globally. The EU alone wastes 88 million tons, with Poland ranking among the top infamous contributors.¹⁰ 42% of our country's population admits to wasting food. Over 1/3 of this group declare they throw away food products even several times a month.¹¹ Wasting food also means wasting valuable resources, such as water or energy. **The problem of food wasting contributes to additional 3.3 billion tons in carbon dioxide emissions globally** - an amount is close to the annual emissions generated by the entire European economy. **Ensuring sustainable production and consumption is one of the UN's Sustainable Development Goals** which underlines the need to raising awareness in the field of sustainable growth and lifestyle, in harmony with nature.



1 billion

tons of food is wasted globally each year

42%



of our country's population admits to wasting food

Our contribution

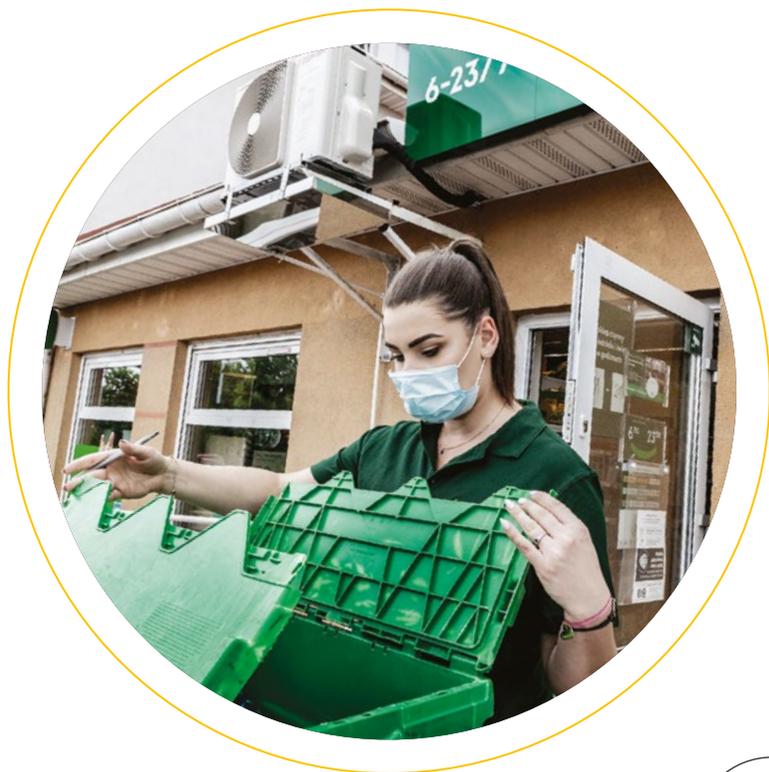


12 million Poles reside within the vicinity of our and have easy access. **At Żabka, we want to prevent food waste by promoting smaller-scale and more frequent shopping - an approach that mitigates this problem.** Our activities are an important manifestation of responsibility that is required by our stakeholders - over 80% of franchisees, employees and customers indicated preventing food waste as Żabka's most important responsibility-related aspect.¹² Our response has the form of the convenience model on which our stores are based, as it helps customers limit their shopping to what they need at a given time, without storing large inventories, and prevents, in consequence, wasting food. We support this approach by introducing product packaging in well-considered sizes. Today, **90% of products available at Żabka are intended for immediate consumption**, meaning that they do not contribute to the problem of wasting food. However, we are well aware one can always do better, so we keep looking for new solutions and are planning to expand the scope of our current activities.

¹⁰ Food Banks. https://bankizywnosci.pl/wp-content/uploads/2018/10/Przewodnik-do-Raportu_FPBZ_-Nie-marnuj-jedzenia-2018.pdf

¹¹ Ibidem.

¹² "Priorytety odpowiedzialności społecznej" (Priorities of social responsibility) study with the participation of Żabka customers, franchisees and employees, 2020.



Our goals

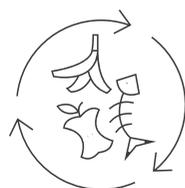


02

We will reduce the weight of food waste by 44% as a percentage of the weight of food purchased by franchisees for stores by 2023 (baseline 2020: 0.9%)

01

We will reduce the weight of food waste by 25% as a percentage of the weight of food purchased in our own operations by 2023 (baseline 2020: 0.11%)



Bank Żywności



caritas

We will reduce the weight of food waste in our own operations and stores by 25% compared to the base year 2020 and ultimately, we will reduce it by half after 2025

What have we done so far?

We have taken actions to prevent food waste in our own operations

We have implemented **GSI codes and the Quick Meal Solutions** expiry date management system allowing us to limit food waste within our chain. This solution provides us and our franchisees with accurate information about specific goods and their expiry dates. **Real-time inventory monitoring enables automatic discounting of products with short expiry dates.** Owing to this, the system allows customers to purchase products at an attractive price, thus reducing the amount of food wasted. **Blocking the potential sales of expired goods is an additional advantage offered by the system.** We also allocate special shelves to items with approaching expiry dates at our stores.

We care for food quality at each stage of the supply chain - by applying adequate logistic and technological solutions, we reduce food waste within our value chain. We have implemented relevant processes at product picking and store delivery stages. During the transport phase, we keep the products cooled at all times - this allows us to be sure that products are transported at an appropriate temperature and that their characteristics and freshness are maintained.

We donate food, inter alia, to Caritas, Federation of Polish Food Banks and the Camillian Social Welfare Mission. In 2020, we donated over 550 tons of food. Foodstuffs provided to branches of non-governmental organisations are later shipped to local communities via various institutions, such as, inter alia, canteens, social and therapeutic daycare centers and homeless shelters. Żabka products are used for preparing hot meals. Food is also donated directly to individuals and families in the form of packages.



We take preventive measures in the entire value chain

How does it work?

GOOD PRACTICE



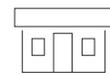
SUPPLIER

- Printing GS1 codes on QMS products



DISTRIBUTION IN THE LOGISTICS CHAIN

- Delivery of a product to the Logistics Center - Scanning - Placing on the shelves in accordance with acceptance dates and sequences
- Scanning products while releasing them for being dispatched to stores - Delivery of cooled/frozen goods to stores



ACCEPTANCE AT A STORE

- Scanning the codes of received products (including their expiry dates). Placing products on shelves in line with their acceptance dates and sequence



SUPPORT IN SELLING PRODUCTS WITH APPROACHING EXPIRY DATES

- The system warns franchisees about upcoming expiry dates of specific products and about amounts of products for which the risk of exceeding their expiry dates exists
- Products with approaching expiry dates are marked with labels showing by how much (percentage-wise) the price has been reduced
- Products are sold at the cash register with the expiry dates taken into consideration, and expired products are blocked by the system



ADVANTAGES ARISING FROM IMPLEMENTATION OF GS1

- Receiving recommendations concerning the optimal amount of goods at Logistics Centers and volumes of orders to stores based on previous sale volumes, stock levels, expiry dates and so on.
- Indicating products located at warehouses that will expire before they may be sold at a store, meaning that surplus food may be donated to charitable organisations
- Warning about upcoming expiry dates and selling these products in lower prices and preventing the sale of expired products at stores by blocking them at checkout

We have undertaken actions to prevent food waste

We are planning the range of products offered at our stores very carefully to avoid any potential waste. **Artificial intelligence-based studies help us select the range of products** for each location, and even determine the manner in which they are displayed at a store. Without franchisees and the facilities they run kept in mind, we have created over 250,000 planograms. Based on their recommendations, **we help each franchisee to achieve an optimal layout of products** that is best suited for their customer group.

We continue to **educate customers, employees and franchisees on how to prevent food waste**. In 2020, we **conducted an educational campaign at selected stores, our Headquarters and Logistics Centers, in cooperation with the Spizarnia Caritas program**. We used posters and screens to present the scale of the problem of wasting food in Poland, and showed methods for preventing this phenomenon in our households. Additionally, information about the challenge (i.e. about food waste prevention) appeared in our internal communications and in our periodical publications for our employees and franchisees.

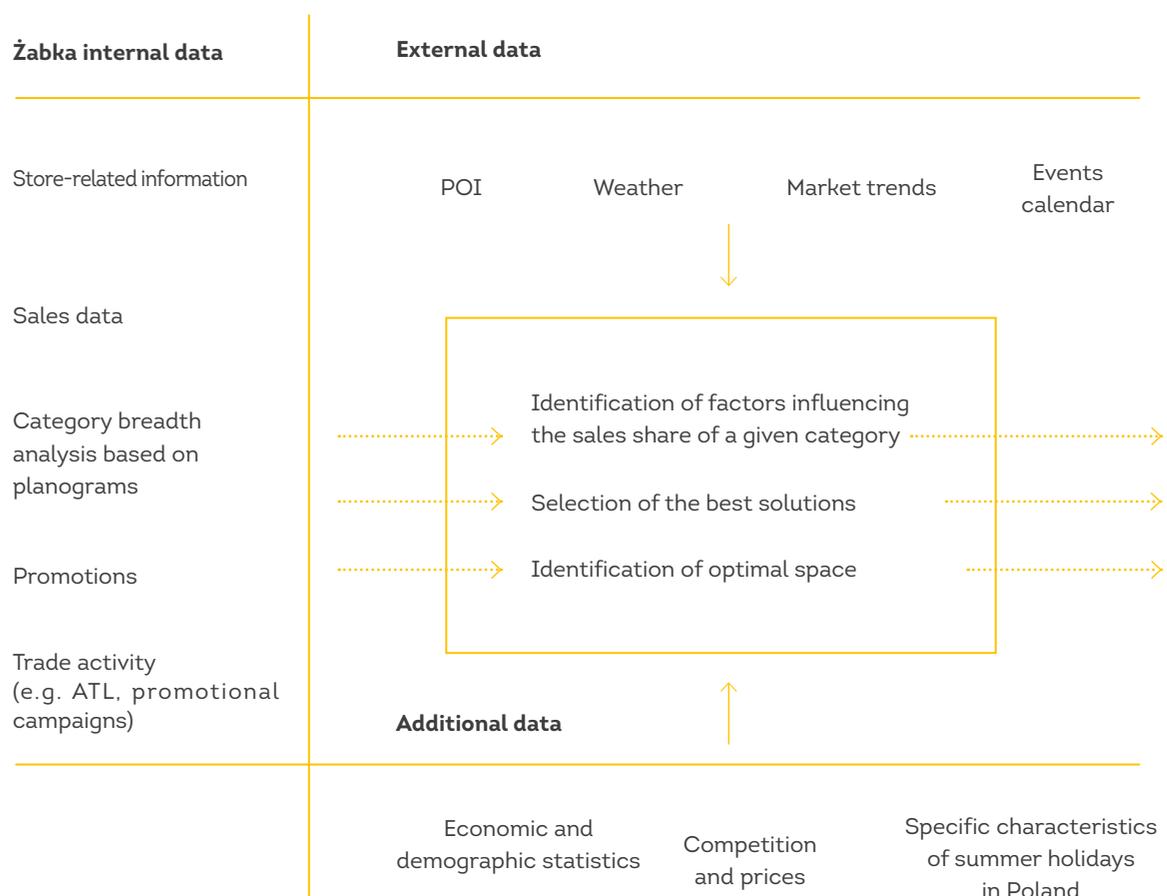


GOOD PRACTICE

Planning system supported by artificial intelligence

At Żabka, we know our customers, the reasons why they are visiting us and the sales potential of each of our outlets. We adjust the product range for each Żabka store in order to minimize the amount of food wasted. Thanks to analytical models based on sales data and on knowledge about local residents, potential competitors and characteristic features, we are capable of choosing the types and amounts of products offered in a manner that prevents food from being wasted. We have over 250 thousand planograms at our disposal, and we always choose with the one that is best suited to the needs of a given store, to its potential, operating model and characteristics of the products offered. Store specific planograms determine what types of products are best suited for a given store, taking into account the number and width of shelves, but also the sales results achieved at a specific location.

Identification of factors impacting the classification of a given store to a specific segment



This planning process helps to select the best product range based on the specific nature of each location and the needs of local customers. The more carefully the product range has been selected, the smaller the problem of wasting food.

1.3 Services for sustainable lifestyle

GRI [103-2] [103-3]

Why is it important?

Despite numerous inventions that were supposed to make our lives easier, **we live at an ever quicker and more intense** pace, meaning 24% of us experience stress each day, and 31% several times per week.¹³

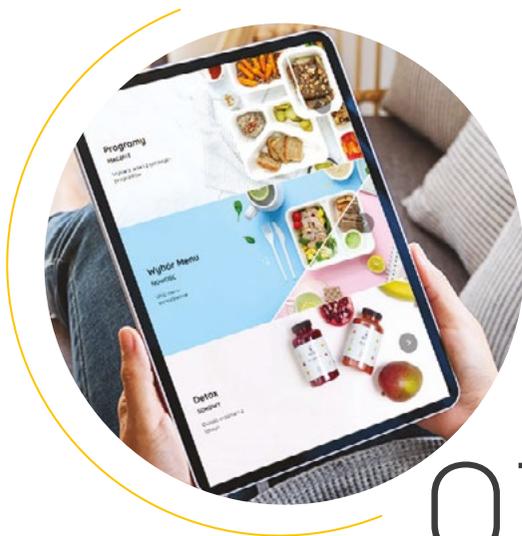
Although we are full of good intentions, we are often too busy to think of satisfying our needs in a sustainable manner - 3/4 of the society would like to start doing something to prevent climate change, but half of us do not know how to do that, and one in three people do not believe their actions are capable of changing anything. Responsible business should address these needs by relying on the fact it is close to and familiar with its customer base.

Our contribution

The combination of advantages of traditional commerce and modern digital tools is one of Żabka's strengths - we are a convenience store, a service point, a parcel office and a place where you can indulge in tasty snacks and wonderful coffee all at the same time. Therefore, we provide a convenient platform for running a number of everyday errands - **that is why our customers can satisfy their needs in a rapid and convenient manner, saving time for other activities.** We follow current trends and consumer needs on an ongoing basis, having in mind the potential services that allow us to live healthy lives, feed ourselves well and to make sure that our lifestyles do not harm the environment. **We publish information on our website on how to make more informed nutritional decisions.**



Our goals



01

We will increase the number of users of our applications (including the Żappka application) to 5 million in 2021 (2020 baseline: 3.8 million)



02

Each year, until 2023 we will be introducing 5 new services and improvements supporting a sustainable lifestyle (2020 baseline: 15)



We will be increasing the level of our customers' satisfaction by 2 points each year (NPS score), making sure that Żabka becomes their first choice

What have we done so far?

We have implemented initiatives aiming to increase the level of customer satisfaction

In 2020, we reached an all-time high customer satisfaction level - NPS 48 points, meaning the result was by 11 points higher than in 2019.

The share of our promoters improved by 10 percentage points in 2020 only, reaching the **level of 59% of satisfied customers willing to recommend our services**. Polish customers value their shopping experience, the product range offered, modernity of our stores and the interactive tools (app), as well as our efforts in the field of responsibility for the social and natural environment. An improvement in customer satisfaction levels was observed in all those areas.

GOOD PRACTICE

Żabka Customer Support Center

At Żabka, we listen to our customers. We operate a Customer Support Center available daily from 6 am to 11 pm. Submissions may be filed through the zabka.pl website, a form available in the Żappka app, by phone, by e-mail and - since October 2020 - also via a Messenger chatbot. As many as 75% of notifications submitted by customers are settled right away. In 2020, we processed over 121,000 notifications at the Center - 90,000 more than in 2019.

By 2020's end, our **Żappka app had nearly 4 million users, i.e. 60% more than in late 2019**. The app presents our offering in a more efficient manner that stimulates communication with customers and allows to take advantage of our additional services.



Żappka Pay is one of such services - it allows customers to pay for their shopping using the app. Such an approach raises the level of security, streamlines and accelerates the shopping process at the counter and makes it easier to use the app's functionalities.

We have also introduced a convenient parcel collection functionality to the **Żappka app**. **In 2020, we handled over 16 million parcels - this is proof that this convenient and safe form of delivery (factors that are of particular importance during the COVID-19 pandemic) has been continuously gaining in popularity**. In order to make this process even easier and faster, we have added a new functionality to the Żappka mobile app - Żappka Post, allowing customers to track their parcels. Users receive, via the app, notifications concerning the status of their parcels sent to our stores, along with information about the pickup date.



GOOD PRACTICE

Personalization making everyday choices easier

Each Żappka app user receives an offer tailored to their needs and shopping habits. The app creates a personalized set of products each day, tailored to the specific users based on their shopping history. The sequence in which the products and the discounts are presented in the app is also determined based on historical preferences of a given customer, in order to facilitate and shorten the shopping process.



In Warsaw and in Poznań, customers do not need to visit our stores - **Żabka visits them instead. In those cities, we offer contactless deliveries.** Shopping is done via the Uber Eats app and the products are delivered to the customer's door or to any other location of their choosing.

As part of the "You exchange, we double! Let's help hospitals together" campaign, we offered Żabka app users the opportunity to exchange their loyalty points into charity donation certificates, providing **real support to 16 Polish hospitals for communicable diseases** (one in each region). In order to additionally increase the level of assistance offered to medical institutions, we promised to double the amount collected. This declaration served as an additional incentive and motivation for the app users to exchange their loyalty points into charity coupons. **Together with our customers, we have collected and donated to hospitals the amount of PLN 3 million, while over 248 thousand app users participated in the campaign.**

On behalf of the customers we converted the unused loyalty points collected through our app in 2019 into PLN and donated them to the Great Orchestra of Christmas Charity Foundation. In appreciation for the Żabka app users' engagement in the fund-raising campaign, we symbolically converted the unused loyalty points into an amount equal to the number of people using the app on the date of the grand finale of the campaign initiated by the Great Orchestra of Christmas Charity. The final amount transferred to the **Foundation's account equaled PLN 3,765,353.**





02

Mindful business impact

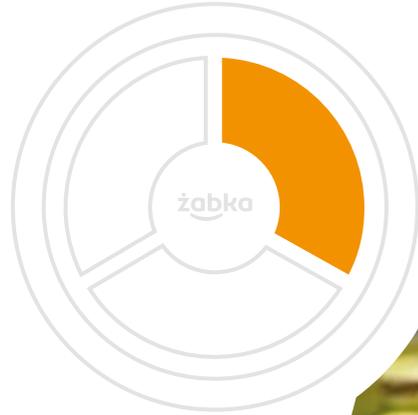


Fig.
Participant of the
Safe Internship in Zabka program



Key figures

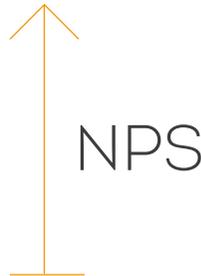


100% of stores within our network operate in the new format

The level of the franchisees' satisfaction increased

by 29 points

compared to the previous year, measured by the NPS index, and the share of the chain's promoters increased by 21 percentage points



We sold 34.5 million disposable face masks without a profit margin

Nearly

PLN 17 million



provided in the form of donations

We were ranked



among over 20 retail chains in a supplier satisfaction survey



As at the end of 2020 we were cooperating with

5,518 franchisees



We implemented

82

franchisee-oriented initiatives in 2020

64%

share of franchisees cooperating with Żabka for at least 36 months

86%



of the franchisees positively evaluate the support provided by Żabka during the pandemic

32,000

activities for positive change have been undertaken by our employees, franchisees and their employees



98.4%

of our suppliers come from Poland

What are we striving to achieve?



GRI
[103-2] [103-3]

Żabka is one of the largest chain of convenience stores in Europe. We owe this position to our responsibility and engagement. We want to provide our franchisees with access to the best offer on the market allowing them to expand their businesses. **We also wish to positively impact and affect our immediate surroundings.** Through the scale of our activities and local presence, we want to bring positive change to small communities.

We combine growth with responsibility by integrating non-financial aspects with our business strategy. We amass not only the financial, but also human, intellectual, and social capital, in order offer value to all our stakeholders, in particular to customers, franchisees, employees and shareholders.

Żabka develops very quickly, but always with a view to facilitating work of the franchisees. When it comes to novelties that are very supportive in terms of store management, I definitely need to mention the Franchisee Support Center. It's a unit I can turn to with any problem or inquiry. Communication is quick and solutions are always found very efficiently. The very intuitive Cyberstore app needs to be mentioned as well, as it allows me to check the volume of stocks using my smartphone. It would take a lot of time to describe all improvements introduced by Żabka.



Lech Stawiński
Żabka Franchisee from Łódź

Our commitments



* including: franchisees and their employees

2.1 Fostering entrepreneurship

GRI
[103-2] [103-3]

Why is it important?

A study of the Polish Agency for Enterprise Development published in 2020 indicates as many as **86% of Poles think that running their own company is a good method of pursuing a career**.¹⁴ This is the third best result among all countries surveyed worldwide and the best result in Europe, where 61% of residents on average tend to agree with the statement that running your own business is a good way to earn your living. It is worth noting that Poland's result is also higher than the average for all countries, regardless of income level. Meanwhile, only 5% of Poles run their own business and another 9% - usually young and educated people from big cities - consider starting one.¹⁵

As a society, we are more inclined to appreciate the efforts of entrepreneurs - **nearly 8 in 10 adult residents of Poland declare people who started their own business and achieved success deserve appreciation**. At the same time, fear of a business failure is decreasing on a systematic basis among Polish citizens, and their self-confidence regarding their knowledge and skills required to run a company remains high.

The main incentives encouraging people to start their own company include a lower social security premium and the desire to earn more money than while being employed by someone else. The potential failure and the costs of establishing a company are the greatest obstacles. The franchise system is a solution that addresses such fears.

Our contribution

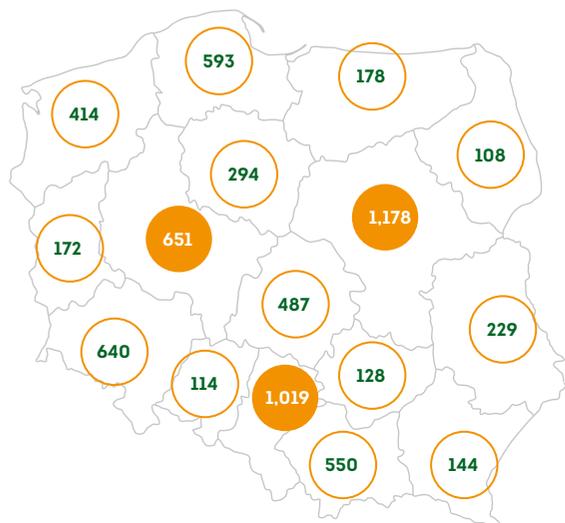
The entrepreneurial spirit is of key importance for Żabka. Our organisation has always been open to entrepreneurial persons. Support offered to our partners in conducting profitable business activity is the foundation of our success as well. The importance of entrepreneurship for the Polish economy is best evidenced by data - **micro enterprises have the largest share in the country's GDP (over 30%)**.¹⁶

Being a company that relies on the franchise model, we contribute to the promotion of small entrepreneurship in Poland. We consistently promote long-term relationships with individual running the individual Żabka stores across Poland. We offer clear and transparent rules of cooperation. We support the efforts of entrepreneurs and offer them a chance to succeed in business. **Our franchisees run their stores in nearly every corner of Poland**, both in small towns and in large cities; some of them have experience in commerce, others are learning the workings of the food sector on the go, while running a Żabka store. Their satisfaction is our priority. Therefore, we conduct regular satisfaction surveys based on the NPS index.

¹⁴ PARP. https://www.parp.gov.pl/storage/publications/pdf/ROSS-2020_30_06.pdf

¹⁵ Ibidem.

¹⁶ Ibidem.



Number of Żabka stores in particular voivodeships, as at the end of 2020.

Our goals

02

We will engage future entrepreneurs, including franchisees, in entrepreneurial competence and skills enhancing programs



We will reduce voluntary churn rate to no more than 5% by 2023 (2020 baseline: 5.8%)

01

We will raise the level of our franchisees' satisfaction with cooperation with Żabka, measured with the use of the NPS score, by 15, ensuring that Żabka is considered the best franchise model in Poland by 2025

We will increase the percentage of franchisees cooperating with Żabka for at least 36 months to 70% by 2025

03



The share of new business partners (including franchisees) who have started their first business in collaboration with the Żabka Group will remain over 70% by 2023 (2020 baseline: 71.5%)

What have we done so far?

GRI
[203-2]

We have increased the level of satisfaction among our franchisees

We are checking, on a regular basis, the level of our franchisees' satisfaction with cooperation with Żabka. In 2020, we conducted surveys dedicated to measuring the satisfaction of Żabka franchisees with collaboration with the chain - in May and October. The satisfaction survey that took place in May showed an all-time high franchisee satisfaction level measured with the use of the NPS index. Compared to the first edition of the survey, **the satisfaction index improved by as many as 43 points and the group of our promoters increased by 21 percentage points.**

Both the general score and satisfaction levels in all five areas of cooperation with Żabka - logistic services, failure notification processing, product offering selection, settlement system and Sales Partner support - improved by at least 15 percentage points. In the May edition of the survey, we asked the franchisees about their assessment of Żabka's **support during the pandemic - our help was positively assessed by 86% of respondents.**

We cooperate, on a daily basis, with the Board of Franchisees - an opinion making body offering advice to the management of the Żabka Group. **The Board also submits proposals for initiatives and improvements that have impact on the further development of our chain.** Members of the Board participate in key projects and work, together with Żabka representatives, on devising solutions to support franchisees in their everyday work.

GOOD PRACTICE



Cyberstore

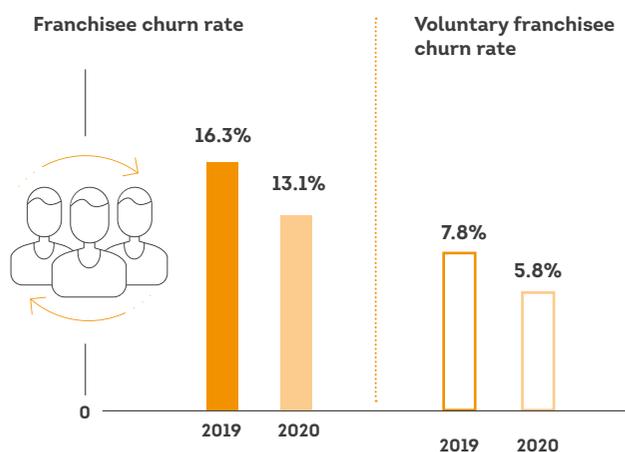
We believe that state-of-the-art technology is a key to efficient support for our franchisees. In 2020, we unveiled Cyberstore to our franchisees - a modern digital tool available in two versions: a mobile one and a web-based one, operated with the use of a PC, a tablet or a smartphone browser.

The solution, replacing the former Frappka app, focuses on the six most important areas indicated by the franchisees themselves: store management, warehousing, personnel, finance and settlements, information and reports. **Cyberstore is a modern digital tool for franchisees, allowing them to enter the era of digital transformation.**

We have provided conditions facilitating long-term collaboration

Between 2016 and 2020, **we thoroughly modernized over 4 thousand stores** across Poland, in cooperation with our franchisees, **and opened**, at the same time, **nearly 3,000 new locations** relying on the refreshed format. We implemented key changes not only in the area of visual identification of our stores, but also with regard to the product range, layout and equipment. The new, change-embracing format has attracted 20% more customers and has allowed us to react more rapidly to their needs. Consequently, the revenues of our franchisees increased as well.

Franchisee churn rate and voluntary churn rate are the indicators that allow us to compare results over time and to set new objectives. The churn rate equaled 13.3% (an improvement by 3.2 p.p. compared to the previous year). The voluntary churn rate equaled 5.8% (an improvement by 2 p.p. compared to the previous year).



Since 2019, our franchisees may count on continuous support offered by the Franchisee Support Center (CWF). The Center may be contacted by phone or online and helps franchisees in all matters related to running a store. A special web portal allows them to track the status of each notification and to communicate with an expert in a given domain. In 2020 CWF processed over 230,000 notifications - nearly 70,000 more than in 2019. Apart from that, our franchisees are supported by Ad-hoc Service Groups whose task is to eliminate failures and defects at the stores quickly and cost-effectively.

The Franchisee Guide - an online service launched in 2020 is highly popular among the franchisees as well. It is used for publishing all information related to running a Żabka store. A subpage devoted to franchisee-centered initiatives is available as part of that service as well, where we describe all benefits, operational improvements, assistance offered and systemic improvements on an ongoing basis. The popularity of the Guide has been confirmed by a satisfaction survey - the new tool generated a good

result of NPS 60. **Our franchisees are also encouraged to submit their proprietary ideas for improvements in the functioning of the Żabka chain through the Kuźnia Pomysłów [The Forge of Ideas] service.**

We are also expanding, on a consistent basis, the portfolio of improvements and benefits available as part of our franchise offering. Franchisees have access to, inter alia, the "Work around the corner" portal which facilitates the process of sourcing and recruiting employees. Additionally, willing to optimize fixed costs, we provide our partners with access to attractive offers concerning the purchase of fuel or mobile phone plans. With the health of our franchisees in mind, we provide them, their families and employees with access to private healthcare services.



Special mission - "Operation Żabka"

In 2020 we invited all franchisees who required assistance connected to practical aspects of running a store and who wanted to expand their skills to participate in the "Żabka Operation" project. To a certain degree, the entire project resembled popular TV shows in which teams of experts arrive at a specific location and help the participants starring in a given episode solve the problems they face - usually those related to cooking or accommodation. In our case, the "special task force" is a group of experts in different areas related to running Żabka stores. After their arrival at the franchisee's location, the experts spend four days conducting a comprehensive analysis of the manner in which a given outlet is operated and initiated, in cooperation with the franchisee, a "Żabka revolution". The results of streamlining the store operation are visible and measurable almost immediately as they are expressed by higher customer satisfaction and turnover levels.

We have been fostering entrepreneurship

In 2020, despite the pandemic, over 1,800 new franchisees decided to start their business with Żabka. Their number was by over 200 higher than what we assumed at the beginning of the year. This means that at the end of the year, Żabka was creating, either directly or indirectly, approximately 33,000 jobs, mainly through employment at its stores. Approximately 70% new franchisees join our chain based on recommendations of previous franchisees or partners. Around 30% of new franchisees are former Żabka cashiers who decide to boost their own careers by opening their own stores. **Over 70% of new franchisees start their first business activity while beginning their collaboration with Żabka.**

more than

33,000

is the number of jobs generated by Żabka as at the end of 2020

1,841

new franchisees who joined the chain in 2020

↑ 32%

new franchises in the chain, compared to 2019

By cooperating with Żabka, anyone may open and develop their own business. We ensure financial security by guaranteeing PLN 16,000 net in monthly income for the first 12 months after opening the store, with the amount being lowered to PLN 14,500 net after that period.

We comprehensively prepare each candidate willing to start cooperation with us for running their own store. We rely on a tailor made training model in which the new franchisee holds meetings with a Coach Franchisee and **a Training Partner**. The candidates learn all skills that are needed to run a store while working at functional stores. We also cooperate with our franchisees to initiate campaigns benefiting the local communities. We support the "Safe Internship" program that is overseen by Fundacja Samodzielni Robinsonowie. The program aims **to prevent social exclusion of young people from child care institutions and foster families**. The persons under the Foundation's care are offered internships - also at Żabka stores - that prepare them for an independent life and offer the first contact with the labor market under secure and friendly circumstances. The interns referred by the Foundation complete their apprenticeships under the guidance of long term franchisees at selected stores within our chain and at Logistic Centers.



In 2020, Żabka financed 45 paid internships for 39 persons. **In total, by the end of 2020, seven editions of the program were completed, involving 51 franchisees running Żabka stores at 17 locations. Altogether, 89 female and male “Robinsons” completed 103 internships.** Ten of them continued their cooperation with franchisees after their internships had been completed. In total, the interns have worked over 9,000 hours at Żabka stores. The teenagers were assisted by 26 caretakers working for the Foundation. The internships are very highly valued by the interns and Foundation consultants - their average score is nearly 88/100.



GOOD PRACTICE



FUNDACJA
SAMODZIELNI
ROBINSONOWIE

Akademia Żabki

The Żabka Academy allows franchisees to participate in free of charge thematic training courses. They have access to over 40 educational packages. We encourage training participants to pick those packages that are most closely related to their needs and will prove useful in their future work. Practical preparation for everyday challenges related to running a store is additionally provided by a network of 170 Coach Franchisees who have received their certificates and prepare other trainees to run a store. We also provide new franchisees with mobile access to an e-learning platform allowing them, inter alia, to watch tutorial videos.



Fig.
Participant of the
Safe Internship in Żabka program

2.2 Partnerships for positive change

GRI [103-2] [103-3]

Why is it important?

In relation to the UN Sustainable Development Goals, we are aware of the significance of global and regional partnerships that are a good way of facing the greatest challenges of contemporary times. Advantages of cross-sectoral cooperation include, first of all, knowledge transfers, expanding skills, new sources of innovation and access to a broader group of recipients and beneficiaries of specific activities. We know that by relying on the synergy effect, the involvement of our partners and the scale of our impact, the potential for change may become even greater.

Our contribution

Żabka has always tried to be ahead of current trends and to satisfy the needs of our customers on an ongoing basis. Openness - being one of our core values - means also being open to others and to new experiences. It also means **being open to cooperation and to sharing knowledge**. We have been, for a number of years now, a member of industry organisations where we act to foster positive changes in the Polish trade sector. We cooperate with higher education institutions, drawing inspiration from their students' creativity and sharing our knowhow. We are aware that "together" often means "more". That is why **we joined, in 2020, the United Nations Global Compact initiative**.



Global Compact
Network Poland

We also expand cooperation with our business partners in areas exerting considerable impact on sustainable growth and facilitating positive change. The responsibility strategy takes into account our commitment to building partnerships that foster positive change in our environment.

Fig. Kamil Wyszowski participating in a webinar for Żabka employees

Our goals



Fig.
Meeting of the commercial
partners of Żabka Polska,
Warsaw 2019

03

We will improve the level of our supplier's satisfaction with their cooperation with Żabka by 2023 ensuring they indicate Żabka as their first choice in the suppliers NFS study (baseline 2020: 2)

02

We will create a platform offering financial and non-financial support to entities creating innovative solutions, also in the area of sustainable growth

01

We will increase our involvement in partnerships and will boost our investment for positive change

We will be the best partner supporting innovative and responsible initiatives and solutions

What have we done so far?

GRI
[102-12] [102-13] [304-2]

We have increased our involvement in partnerships for positive change

Efficient collaboration is beneficial for all parties involved. Therefore, we constantly share our knowledge, plans, strategy, and market analyses with our business partners, to create a product offering that is tailored to the needs and sustainable choices of consumers. Each year, we organise a meeting with all our business partners. In 2020, we organised two such meetings that were held online due to the restrictions imposed by the pandemic.

The motto of the annual "Business Partners' Meeting" was "Standing up to challenges together." Members of the Management Board, including the CEO of Żabka Polska, Tomasz Suchański, presented our strategy to all persons invited to take part in the meeting. The second part of the meeting was devoted to discussions about the potential cooperation aiming to achieve the strategic objectives set. We also organised a "Digital Business Solutions" meeting for selected partners, during which a number of digital tools useful from the point of view of entities that cooperate with us were presented. Both meetings were highly popular - the number of participants reached nearly 800. The result of the Net Promoter Score survey carried out among the participants amounted to over 90.

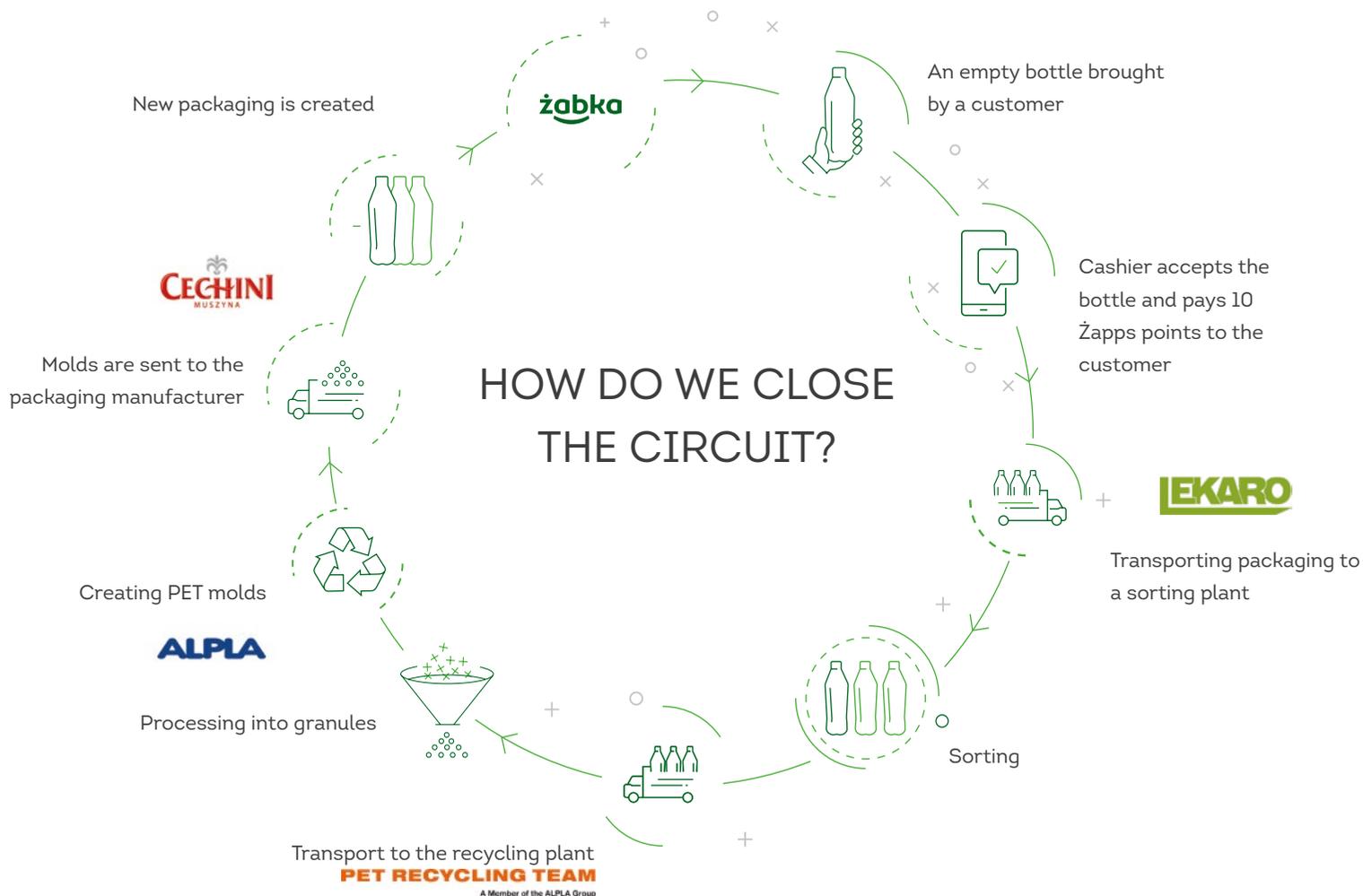


Circular economy in practice - multilateral cooperation ecosystem

Wherever we see a chance, we establish business partnerships fostering positive change in our environment. **The circular economy water brand, known as OD NOWA (wordplay in Polish: Od Nowa means both: fresh start and regeneration),** may serve as a good example here. We have invited four companies (Lekaro, PRT, Alpla and Cechini) to form a partnership and they agreed to participate in testing Poland's first circular economy project focusing on plastic materials. Acting together, we designed a pilot program **related to collecting plastic packaging.** Materials we collect are transferred to Lekaro's sorting plant, and later to the PET

Recycling **Team plant in Radomsko, owned by the ALPLA group.** They are processed to form granules that are later used by one of the Polish plants of ALPLA, a manufacturer of plastic packaging, to create molds needed in the process of producing bottles. The molds are used by Cechini - a company producing OD NOWA mineral water. **This means plastic is reused in the process of producing OD NOWA mineral water bottles,** thus turning the idea of a circular economy into reality.

[For more information about this initiative, please see chapter 4](#)



Partnership with Microsoft - technology for “The Store of Tomorrow” concept

Within the framework of our partnership with Microsoft, Żabka implements the “The Store of Tomorrow” project. Our cooperation with Microsoft **is another step towards enhancing satisfaction of customers who value Żabka for its nearby location, accessibility and a convenient shopping experience.** The “Store of Tomorrow” projects shows how modern solutions can realistically enhance the comfort of our everyday lives.

The “Store of Tomorrow” concept covers various technological solutions that allow for **optimizing and automating** different processes, both in the retail chain and at individual stores. Advanced tools allow, inter alia, to shorten customer service time, make it possible to present the offering in a more convenient and friendly manner, allow the product range to be tailored to the purchasers’ expectations and refine the logistic processes. Achievement of all those objectives will be possible thanks to the introduction of such solutions as a price analysis system, digital signage, smart shelves informing about the products’ expiry dates or stock volumes, self-service check out stations with video verification, as well as artificial intelligence based apps supporting customers and franchisees.

Microsoft is not only the technology supplier, but also Żabka’s partner in the process of digital evolution starting with building the model, selecting solutions and partners, to the implementation and management of the entire process. **Engaging with start-ups and partner companies clustered around Microsoft is another aspect of our cooperation, as they deliver innovative solutions developed with the retail trade sector in mind.** Those solutions have been selected to best suit Żabka’s vision of evolution. As a result, they will allow us to provide our customers with groundbreaking services and will create unique customer experience.



Fig. Presentation of the “Store of Tomorrow” during a meeting with suppliers



AiFi as an example of cooperation for practical application of AI

AiFi is one of the start-ups we cooperate with to test and implement new technological solutions. New solutions will be designed for Żabka, introducing a new purchasing path at our stores, without the need to use a checkout point. Traditional cashier service will still be offered, however. Such stores will rely on artificial intelligence, combining information from sensors and cameras to bypass classic checkout systems. The technology analyzes data in real time, recognizing products and customer behaviors.

GOOD PRACTICE

ACIT - we share knowledge with our business partners

After nearly a year of intense work, in August 2020 we launched a special platform for exchanging data-as-a-service: the Advanced Customer Insight Tool. Owing to the data on sales, discounts and consumer trends, updated on an ongoing basis, the tool guarantees a better understanding of consumer behaviors, higher quality of cooperation with suppliers and optimization of the product offering. In 2020 more than 30 suppliers have already signed agreements providing them with access to ACIT.



ZIELONA Z NATURY



GOOD PRACTICE

EKOmat machines

Keeping our common goals in mind, we established a strategic partnership with the Żywiec Zdrój brand. Acting together, we introduced innovative EKOmats - machines for selective collection of plastic bottles and aluminium cans. The machines bring us closer to closing the lifetime circuit of packaging materials. The motto of the program is "Discover the great significance of small steps." The key actions we undertake under that partnership include conducting educational campaigns dealing with proper segregation of packaging materials and closing the circuit of plastics.

Fig. From the left: Frédéric Guichard, President of the Management Board of Żywiec Zdrój and Tomasz Suchański, President of the Management Board of Żabka Polska



Fig. Conference organised by "Rzeczpospolita"

Partnerships with organisations

Our representatives actively cooperate with a number of sectoral organisations with which we share our knowledge and experience. We work together to foster positive change, promote trade and franchise schemes, and to protect our planet. We are a member of, inter alia, the following organisations:



- **Polish Trade and Distribution Organisation** which acts for the improvement of conditions fostering the growth of trade in Poland, for the protection of free competition and free access to the market.



- **Polish Chamber of Commerce**, as part of which we participate in consulting draft legislation and in meetings of parliamentary committees.



- **Polish Lewiatan Confederation**, where together with other enterprises we strive to ensure competitive conditions of doing business, foster continuous economic growth, encourage better legal regulations, healthy competition, higher employment and the strengthening of social capital.



- **The Consumer Goods Forum**, as part of which we are a signatory of The Global Food Safety Initiative (GFSI) and two coalitions - for preventing food waste and plastic packaging.



- **Polish Franchise Organisation** which protects the rights of and represents franchisors - employers in Poland.



- **American Chamber of Commerce in Poland**, a non-political, non-profit organisation acting to promote the development of Polish-American economic relations.



- **The Advertising Council** which creates and promotes the highest advertising, thus protecting consumers from unethical and unfair communication.



- **Polish Coalition for Sustainable Palm Oil**, where together with other companies we work, inter alia, on raising awareness on the use of palm oil from sustainable sources. In 2019, palm oil was completely eliminated from our own brand products.



- **Club of Poznań University of Economy Partners**, where we share our knowledge with students and exchange experiences with other members and the scientific community. We also cooperate with other higher education institutions, including, inter alia, Poznań School of Logistics, offering a dual studies course.

GOOD
PRACTICE



Network Poland

Żabka as a United Nations Global Compact member

In 2020 Żabka joined the United Nations Global Compact (UNGC) - the world's largest initiative bringing together companies and institutions actively supporting sustainable development. We believe that by joining forces with other representatives of the world of business who are concerned with the wellbeing of our planet, we will be able to better and more courageously stand up to the challenges we face, mostly those related to climate, but also those concerning economy and society. By joining the United Nations Global Compact initiative, we want to emphasize our sustainable and responsible growth and want to stress that we are fully aware of the commitments assumed towards the natural environment, employees and franchisees as well as the communities in which our stores operate.

United Nations Global Compact brings together 11,500 largest companies and 3,500 institutions from 156 countries. Through a broad spectrum of activities, cooperation with the government, public administration, private sector, non-governmental organisations and scientific institutions, UNGC supports the promotion of 10 universal rules concerning human rights, labor standards, environmental protection, combating corruption, as well as implementation of UN's overarching objectives, including the 17 Sustainable Development Goals (SDG).

Fig.
Adam Manikowski
at the Suppliers'
Meeting, with the host
of the event - Tomasz
Kammel



GOOD
PRACTICE

“PołączMY się!”

In 2020, we organised an annual meeting with all franchisees running our stores - its motto was “PołączMY się” [Let's connect / Join together]. This year, the meeting was held online and was the key feature of the Franchise-centricity Month - an initiative promoting good cooperation with our franchisees. The aim of the meeting was to sum up the cooperation and present our plans for the future. Despite its unusual formula, nearly 5,300 franchisees declared their participation in the meeting and the ultimate attendance amounted to almost 90%. By relying on the interactive formula of the meeting, we ensured our franchisees were able to actively participate in the event, inviting them, inter alia, to take part in competitions, chats, encouraging to ask questions online and presenting a number of animations and videos.

2.3 Communities activation

GRI
[103-2] [103-3]

Why is it important?

Consumers require, ever more frequently, that apart from rendering their services, companies should engage in additional pro-social activities.

According to a report published by Deloitte during the World Economic Forum in January 2020, **shareholder value ceases to be the only priority for many companies - the broadly understood public interest becomes another priority as well.**¹⁷ The COVID-19 pandemic has additionally raised expectations towards the business sector - 61% of Polish consumers expect it to become actively involved in fighting the pandemic.¹⁸

Our contribution

We are aware that a large chain of stores offer a great opportunity to provide social support in times of a crisis and, at the same time, makes us highly responsible for local communities. At Żabka, we know by acting together with our franchisees, we may bring about real change in the everyday lives of millions of Poles. Our franchisees are close to the communities in which their stores operate, establishing good neighbor relations and being familiar with the needs of those communities. **This allows us to stimulate and activate our stakeholders.** We would like our social programs to benefit from the knowledge and the potential created by the nearby location of our stores.

¹⁷ Deloitte, https://www2.deloitte.com/content/dam/Deloitte/de/Documents/human-capital/Deloitte_Review_26_Fourth_Industrial_Revolution.pdf

¹⁸ French-Polish Chamber of Commerce, http://odpowiedzialnybiznes.pl/wp-content/uploads/2020/12/CCIFP_BAROMETR_CSR_2020_PL.pdf





Our goals

Fig. Żabka Team during the 2020 WOŚP Final at the TVN studio



Fig. Container-based CT scanner donated to a hospital in Gorzów Wielkopolski

03

We will increase the engagement of franchisees in local community oriented initiatives



02

Our employees will spend at least 1,000 hours on volunteering by 2023

01

We will increase the share of our regular customers who perceive Żabka as a valuable member of their local community to 50% by 2023 (2020 baseline: 41%)

We will engage our employees and business partners*, in 50,000 interactions per year, in activities promoting sustainable growth by 2025

* including: franchisees and their employees

What have we done so far?

GRI
[203-1]

We have increased our involvement for the benefit of local communities

It is hard to talk about Żabka's social engagement in 2020 without making a reference to COVID-19. **The pandemic has dominated all of our activities, it has set the directions we followed and was a reality check in terms of all declarations concerning our socially oriented efforts.** In response to the epidemic, we undertook a number of activities supporting our stakeholders in this difficult situation:

Immediately after the outbreak of the COVID-19 epidemic in Poland, **we declared the transfer of PLN 4.5 million to the state authorities, to finance activities counteracting the epidemiological threat.** The funds have been spent to purchase a modern CT scanner for one of the hospitals in Gorzów Wielkopolski as well as 100 modern, portable ultrasound scanners that found their way to Polish medical facilities via the Central Depository of Sanitary and Anti-Epidemic Reserves.

- **Additionally, we spent PLN 2 million to purchase SARS-CoV-2 tests that could be used by hospitals free of charge.** The tests were manufactured by Warsaw Genomics - a Warsaw based laboratory specializing in genetic diagnostics. The amount we donated was sufficient to perform approximately 5 thousand additional tests.
- We also donated 500 thousand medical masks to hospitals across Poland.
- **Our in-kind donations** (in particular water, energy drinks and ready-to-eat meals) **found their way to hospitals and institutions participating in combating COVID-19 across Poland:** from March to August, we were delivering sandwiches to the Poznań branch of the Sanitary Supervision Authority (Sanepid)

”

I wanted to support all those who work in medical services, for it is them who fight on the front lines and we all may need their help very soon. Small gestures, such as a cup coffee, are no great feat to us, but to those often working 16 or 24 hours a day, they are a clear message that we appreciate what they do, and that they are important to us.



Anna Badura,
Żabka Franchisee from Wrocław.

”

Despite the fact the battle with Coronavirus dominated our activities aimed at assisting the local communities **in 2020, we did not forget about social engagement taking a form other than just those related to fighting the pandemic.** We donated PLN 50,000 to the Golden Ribbon Campaign - a program supporting child oncology across Poland. We also encouraged our employees, customers and franchisees to adopt a proactive attitude. The Golden Ribbon Campaign is a social undertaking and is held in September of each year - the World Child Cancer Awareness Month. It is organised by Fundacja Na Ratunek Dzieciom [Foundation for the Rescue of Children with Cancer], with a golden ribbon being its symbol.

As part of a pre-Christmas competition, our employees collected the kilometers they covered while engaging in sports activities. On request and with the involvement of the field staff, franchisees and employees of the Headquarters, we converted the kilometers collected into real support for those in need - we organised and handed over Christmas packages to persons remaining under care of the organisations we cooperate with, including, inter alia:

- 58 residents of a care center in Skierniewice
- 60 people supported by the MEGAMOCNI Foundation

- Via the “Dar Szpiku” Foundation run by Anna Wierska - to physicians working in Poznań (100 persons), 100 residents of two Single Mother Houses in Poznań and Kiekrz, and 150 residents of care centers, as well as 40 families that the
- Camillian Social Welfare Mission Foundation cares for
- People supported by Fundacja Przylądek Nadziei [Bay of Hope], Fundacja Na Ratunek Dzieciom z Chorobą Nowotworową [Foundation for the Rescue of Children with Cancer]
- Families cared for by the Poznań branch of the Polish Social Welfare Committee
- Residents of a center run by nuns in Broniszewice
- Patients of the “Światło” hospice in Toruń



Under the 11th edition of the Żabka Scholarship Program, we provided as many as 60 scholarships for the school year of 2020/2021. The program is dedicated to ambitious and talented children of our franchisees, employees and associates.

Just like every year, we participated in the Great Orchestra of Christmas Charity finale. The Orchestra’s money boxes



Fig. Participants of Żabka's Internship Program

were placed at the counters of Żabka stores for the 21st time. Thanks to the involvement of the entire chain - franchisees and employees - we built Poland's largest team supporting Great Orchestra of Christmas Charity! Between 6 and 12 January 2020, our customers were able to easily support the collection and donation of money to finance child in-patient treatment. **Including an all-time record amount collected from money boxes placed at our stores, we collected and handed over to the Great Orchestra for Christmas Charity Foundation, over PLN 3.7 million.**

- **The total value of donations provided by Żabka in 2020 amounted to nearly PLN 17 million.**



GOOD PRACTICE

Masks sold without a profit margin

The sale of nearly 34.5 million of disposable face masks without a profit margin was a social campaign that had the widest coverage in the media in 2020. It was executed in cooperation with our franchisees. The products were flown in to Poland from China in an air shipment that was organised, inter alia, by the Żabka chain. Face masks were available in our stores from the second half of April and were intended for adult users. They were a non-medical product enhancing the level of our safety. The price per unit was PLN 1.62 if a packaging containing 10 masks was purchased. The price covered the cost of purchasing the masks and delivering them to Poland. This means that the masks were sold without a profit margin. In order to prevent potential hoarding caused by the lowest price on the market, we recommended that franchises introduce a limit of masks sold to one customer.



03

Responsible organisation

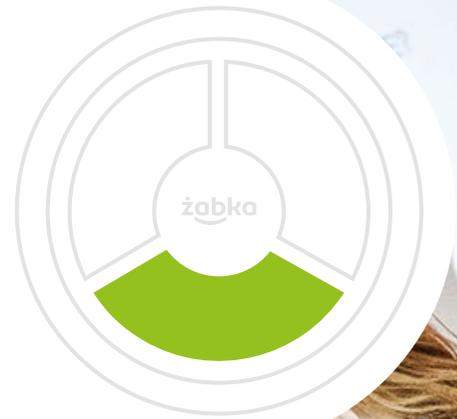




Fig.
Zabka employees
participating in a
workshop on the
organisation's values,
December 2019

Key figures



37%
of persons employed by
Žabka are women



As many as
1/3
employees are under 30 years
old



We increased
employment by
323
persons
an increase by
16%
year on year

We maintain an Integrated Quality Management System

covering such areas
as food safety management,
environmental management,
occupational health
and safety and energy
management



4.24/5

employee engagement index in 2020
measured by the Gallup Institute

Žabka is among the 37%
of the highest ranked companies
according to the Gallup Institute

58

is the level of satisfaction among
employees measured with the use of
the eNPS score

90%

employees trained on ethics

100%

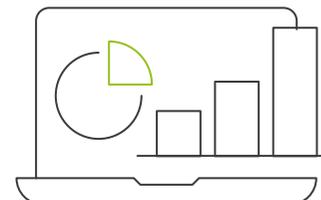


manufacturers cooperating with us
have been verified in terms of their
compliance with international food
safety management systems and
standards

We verified nearly

115,000

own brand products
while delivering them to warehouses



What are we striving to achieve?

GRI
[102-16] [103-2] [103-3]

Responsibility requires the introduction of an appropriate ecosystem allowing us to implement our mission and vision. None of that would be possible without people - employees, associates, business partners and franchisees. Our strategic activities are related to and engage our stakeholders. **We are open to dialog and cooperation that brings about mutual benefits.**

Our values - **Responsibility, Openness, Credibility, Ambition** - are the basis of our approach to doing business. **We pursue them every day through corporate governance, strategic actions and due diligence procedures.** We verify our business partners. **We monitor our supply chains, on an ongoing basis, and audit quality, food safety, and ethics related results.** In 2020, we asked our customers 5 times to return their products due to product recall campaigns. In four cases, products of our suppliers' brands were recalled, and in one case we needed to withdraw one of our own brand products. We educate our personnel and verify the activity of our stores in terms and responsible sales practices and compliance with sanitary regimes. We want to be a reliable organisation made up of persons involved in creating the

value of our company in a sustainable manner. In our activity, we rely on the values and standards that are well known to all our employees. We provide each employee with support, making sure they feel independent and offer them some clearly set goals and a well-defined career path. All managerial staff members undergo training on compliance of their everyday activities with our values, teaching them how to communicate our values to their teams.

99

Our company is all about people - each employee is important to us and has the opportunity to influence our culture. We build highly engaged teams that consistently pursue our ambitious goals. Those values make all of our activities coherent and set the directions we need to follow. Thanks to being open to the opinions of our employees, verified each year through engagement and pulse surveys conducted by Gallup, we can create a working environment in which everyone has a chance to show their potential, develop, and to personally succeed.

99



Jolanta Bańcerowska
Member of the Management Board
Chief People Officer

Our commitments



3.1 Diversity and inclusion

GRI
[103-2] [103-3]

Why is it important?

Dignity and equality were first defined in the Universal Declaration of Human Rights. Continuing on this path, the UN Sustainable Development Goals provide that the implementation of a new legal framework concerning equality at work and **combating harmful practices towards women are the areas in which the international community, including the business sector, should be particularly active.** The significance of these issues has also been confirmed by the World Economic Forum that recommends, in its publication titled "Measuring Stakeholder Capitalism: Towards Common Metrics and Consistent Reporting of Sustainable Value Creation"¹⁹ that businesses disclose their diversity, equality, and inclusivity related ratios indicators. Regulations concerning non-financial and diversity related disclosures and provide for additional obligations in this regard. **Ensuring equal opportunities and managing diversity at the workplace translate into the efficiency of activities undertaken, attract talent and have impact on creating added value for individuals and for their immediate environment.**

Our contribution

At Žabka, we value competence, experience and motivation to grow, and we take the diversity and inclusion of our employees seriously and consider it to be one of the strong points of our organisation. **By managing diversity and inclusion, we offer opportunities to develop and release the natural potential** that contributes to the growth of the organisation. We want to create an **inclusive organisational culture** - a culture of equal opportunities in which each person has the feeling of belonging. Therefore, we have confirmed these values on which organisations based on equal opportunities are built in the "Remuneration Policy" adopted in 2019.

We know how to take care of all our employees. **We appreciate the ingenuity of new hires and the experience of those with a longer work record.** We create an integrated working environment. Each employee and associate can initiate a project, improve and simplify an existing solution or promote the improvement of our organisational culture at any time. **Open internal communication between the managerial staff, superiors and the entire team is a part of our organisational culture.** All that translates into a high level of our employees' engagement.

¹⁹ WEF, <https://www.weforum.org/reports/measuring-stakeholder-capitalism-towards-common-metrics-and-consistent-reporting-of-sustainable-value-creation>

Our goals



02

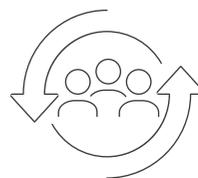
We will reduce, by 2023, and will then maintain the staff turnover ratio of not more than 10% (2020 baseline: 11.8%)

01

By 2023, each employee will be undergoing at least 23 hours of training each year (2020 baseline: 20)

03

We will obtain, by 2023, and will maintain afterwards the EQUAL-SALARY certificate



04

We will maintain Žabka's position of an employer devoted to equal opportunities - with our employee survey result of at least 8 points (2021 baseline: 8.1 out of 10, according to employees)

05

We will maintain Žabka's position as an employer who is open to diversity and who offers an inclusive organisation - with our employee survey result of at least 8 points (2021 baseline: 8.7 out of 10, according to employees)

We will increase the engagement of Žabka employees to find our way to the top 25% of employers by 2025, according to the Gallup Institute study

We will increase the level of our employees' satisfaction, measured with the use of the eNPS score, to above 65 by 2025

What have we done so far?

GRI
 [102-7] [102-8] [401-1] [401-2] [404-1] [404-2]
 [404-3] [405-1]

We have increased the level of satisfaction from work

The Gallup Institute has been surveying the level of engagement of our employees for three years now. In 2020, the average **engagement ratio equaled 4.24 - this is a magnificent result compared to other organisations operating on the market. It is also an all-time record for Žabka.** For reference - in 2018 our result was 3.47, and in 2019 - 4.09.

In all of the analyzed areas related to working at Žabka, our employees evaluated us better than in the previous edition of the survey. When asked about the level of their satisfaction with work at Žabka, our employees gave us 4.39 points on a 5-point scale. The employees also declared they knew what was expected of them at work (4.59), had appropriate materials and equipment at their disposal (4.65) and could perform what they did best every day (4.36). The respondents positively assessed their superiors as well (4.33), stating they cared for their subordinated personnel. The ability to learn and develop (4.32), the feedback culture (4.23) and awareness of the need to take employee opinions into account (4.10) were assessed positively as well. The lowest scores were awarded in the following categories: "friendship with a colleague" (3.8) and "praise or expression of appreciation for work performed, received within seven days prior to the survey" (3.93)

After each engagement survey, we organise a meeting with heads of departments, during which a consultant from the Gallup Institute presents the results. Additionally, **we provide our managers with materials that explain, step by step, how to work with their teams while processing the survey results.**



In order to analyze the level of satisfaction among our employees and associates on an ongoing basis and to build positive, work-related experience, we have also been conducting, since the beginning of the pandemic, pulse surveys enabling us to measure employee engagement "here and now". Using a short questionnaire, we ask questions concerning, inter alia, whether they would recommend Žabka as a workplace and as a chain of stores to their family and friends. On average, approx. 70% of all employees provide their answers to the survey. In the last survey, conducted in the second half of September 2020, we received **an NPS score of 58 out of 100 points.** This means an improvement by 5 points compared to the first survey from April, when we achieved a score of 53 points. The total of four surveys were conducted in 2020.

In 2020, we completed the "Different but Equal" survey, aimed at checking the effectiveness of actions undertaken by our company in the field of equal treatment. The survey

was performed by an external company that guarantees the proper execution of the process and objective results. Almost 72% of Żabka employees participated in the survey. The surveys and interviews allowed us to establish that **nearly 90% of employees participating in the study had a feeling of being treated equally.**

We also ensure appropriate non-financial benefits are offered. Apart from the remuneration and bonuses depending on the objective fulfillment level, we offer attractive benefits to our employees:

- sports packages,
- medical packages,
- group insurance.

These benefits are available to everyone - the type of the contract determines the method of financing those benefits only. Our employees may join the Employee Pension Plan after working with us for three years - this is the only benefit that depends on seniority.

We have reduced the personnel turnover rate

Despite the pandemic, we continue to develop and increase employment. The number of employees has increased by over 320 persons compared to the previous year - this means **an increase in employment by nearly 20% year on year.** It was influenced by, among others, opening a **new Logistics Center near Wrocław** - this investment allowed for the creation of 230 new jobs. Additionally, we increased employment at the Headquarters and at other Logistics Centers.

The overall increase in employment resulted from 562 new hires and 239 employee departures. At Żabka, the employee turnover rate remains at a steady and relatively low level - it equaled, including voluntary departures, 6.2% (7.3% in 2019). More than 3/4 of the departing employees were male - this attests to certainty and stability of employment, especially among women.

Share of newly hired staff in 2020

27.77%

Share of newly hired staff in the total number of employees



19.28%

Share of newly hired females in the total number of female employees



32.78%

Share of newly hired males in the total number of male employees



44.81%



20.59%



11.90%

Share of newly hired staff in the total number of employees, by age group

Share of employees who departed in 2020

11.81%

Share of staff members who quit in the total number employees



7.31%

Share of females who left in the total number of female employees



14.47%

Share of males who left in the total number of male employees



15.35%



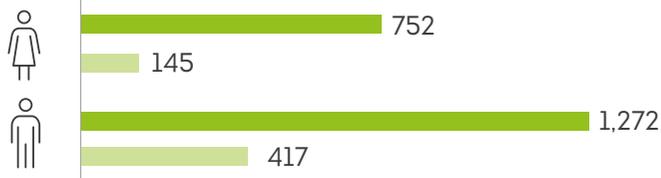
10.30%



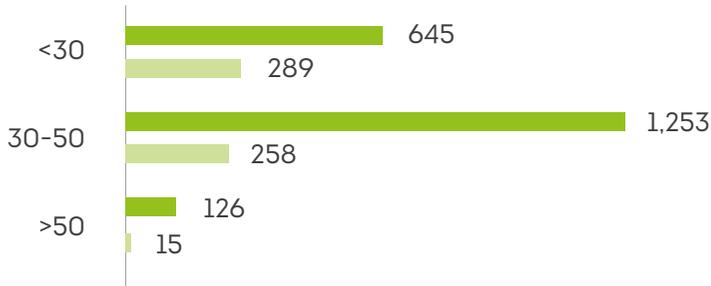
8.73%

Share of employees who left in the total number of employees, by age group

NEW HIRES IN 2020 (number of people)

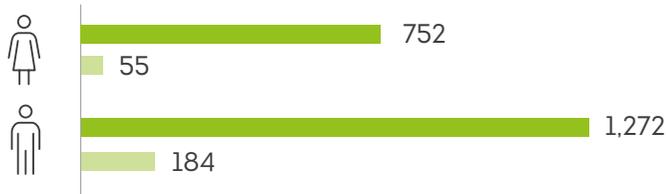


Age groups

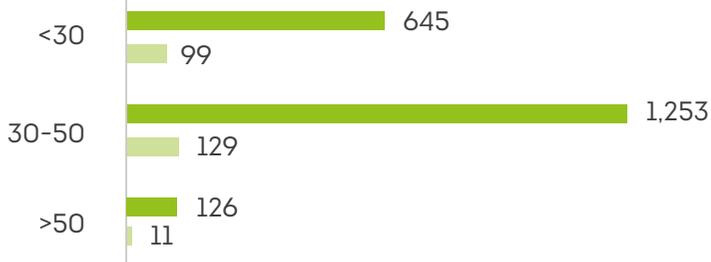


■ Number of employees as at the end of 2020 ■ Number of newly hired employees

DEPARTURES IN 2020 (number of people)



Age groups



■ Number of employees ■ Number of newly hired employees

Total 

2,024
Number of employees as at the end of 2020

562
Number of newly hired employees

239
Number of employees who departed

At the end of 2020, we employed 2,024 staff. The majority of our employees are aged 30 to 50. We also employ many young people - nearly 1/3 of our employees are less than 30 years old.

Employees by age groups and diversity as at the end of 2020

Employees by age group and diversity	Share of employees from each category compared to the total number of employees in the organisation		Total share of employees in a given group
	Females	Males	
aged <30	13%	19%	32%
aged 30-50	23%	38%	61%
aged >50	2%	5%	7%

We are a female-friendly employer. Since 1 January 2021, **Żabka is the first retail chain on the Polish market with gender parity in the Management Board.** The share of women among the employees remains at a constant level of nearly 40%.

We ensure good employment conditions and a high level of comfort. **Nearly 3/4 of Żabka employees are hired based on indefinite term contracts.** The share of females with an indefinite employment contract exceeds 80%. The same figure exceeds 50% among employees of Logistics Centers. We offer, almost exclusively, full-time jobs.

FULL TIME EQUIVALENTS



Number of employees (in persons) in 2020, by type of employment.



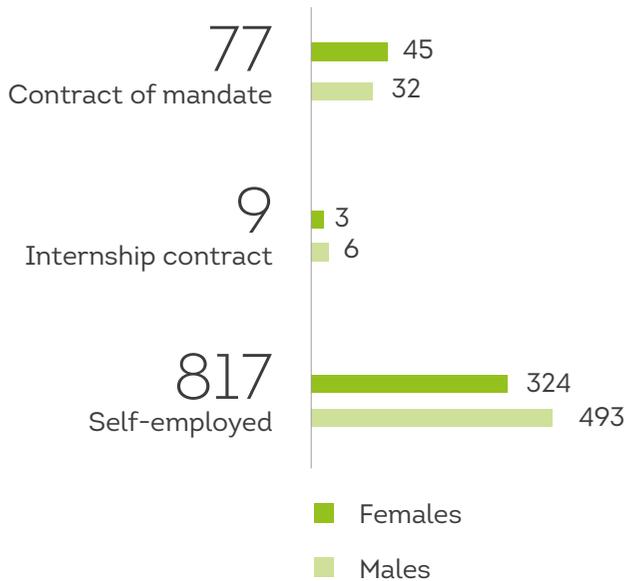
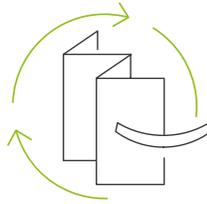
SENIORITY			TOTAL
fixed-term contracts	136	402	538
indefinite-term contracts	616	870	1,486

			TOTAL
full-time	739	1,271	2,010
part-time	13	1	14
total	752	1,272	2,024

Over 900 persons cooperate with Żabka on the basis of employment forms other than full-time jobs. The vast majority of that group are self-employed (over 90% of cases) and work based on contracts of mandate (nearly 9%). The share of females among Żabka associates is similar as their share in total employment and slightly exceeds 40%.

OTHER FORMS OF EMPLOYMENT

Number of employees (in persons) in 2020 cooperating with the company based on forms of employment other than an employment contract.



We are open to employees coming from abroad. In order to facilitate integration of foreigners and to provide them with equal development opportunities, we introduced, inter alia, communication and training courses in two language versions. Foreign employees accounted for 1.1% of the workforce as of the end of the previous year.



We have offered the opportunity to develop professionally

In 2020, the total number of training hours completed by our employees amounted to 40,000. This means each Żabka employee completed, on average, 20 hours of training - in 2019 this figure amounted to 16 hours. This increase results mainly from the large number of training courses organised online, in which a larger number of persons could participate. Pro-health courses and webinars hosted by physicians and psychologists were particularly popular. Women spent in total nearly 20,000 hours participating in training courses - 26 hours per 1 female employee, on average. Regarding men, these figures amounted to 20,000 thousand and 16, respectively. All training courses were held under the Żabka Academy program, thanks to which our employees and franchisees can receive specialist knowledge, form relationships, become acquainted with new duties and learn foreign languages.

At Żabka, we offer annual and quarterly bonuses that are closely related to the management by objective systems. **In 2020**, due to the rapidly changing operating conditions of our organisation during the pandemic, **we expanded our management system by including more flexible monthly objectives and introduced a monthly bonus system.** The objectives of each employee are clearly set each month. those objectives are closely related to Żabka's strategic goals concerning efficiency, impulse sales and the number of customers. Fulfillment of these goals depends on the employee alone - on their engagement, attitude, initiative and impact on our company. In 2020, the share of employees subject to regular work quality assessments amounted to 100% among men and 34% among women. **At Żabka, we listen to our employees and make every effort to provide them with opportunities to draw as much**

satisfaction from their work as possible. We organised the second edition of the Chwaling Days campaign, the idea consists of in offering mutual praise, thankfulness and gratitude for one's efforts, attitude and ideas. That year, 200 employees were praised in public online, and many more in private. Several dozen praises on paper were also posted on boards at our offices and logistics centers. Chwaling Days [Praise Days] allow us also to work on the engagement of our employees. During the Chwaling Days, we encourage our employees and superiors to offer mutual praise or appreciation all year round. At our organisation, we nurture our values and make every effort to make sure each employee knows them and identifies with them.

In 2020, we divided the process of onboarding new staff into 4 stages that correspond to our values: Openness, Ambition, Credibility, and Responsibility. The first stage of the integration process is Openness to change, new persons and new situations. It is also the best moment for establishing a relationship with the new employee, even before their first day at work starts. All of our new employees receive a welcome box with a welcome letter, basic information about the company and a Żabka shopping voucher.

The first day at work is all about our Ambition - we show our approach to running our business and to being a leader in the industry. The next part of the induction process is based on the Credibility value - this is a time devoted to meetings, talks and training sessions that bring our values and actions closer to the employees. It is also a time for our directors and managers to share their own stories and career paths at Żabka. The last stage is all about Responsibility - all of our employees become ambassadors of Żabka

and our values. Therefore, they should always remember about those values in their daily work.

We also consider it important that persons employed in managerial positions should not only become familiar with our values and organisational culture, but should also lead others by example. That is why we offer the Manager's ABC and Value of Values programs - offering guidance to managers on how to talk about Żabka values with their teams.

We have increased the number of females at key positions

In our organisation, women hold various positions of responsibility in such areas as logistics, law, marketing, finance, adaptation and price analytics. In January 2021, Marta Wrochna-Łastowska, Finance Director of our company, was appointed to the Management Board and assumed the position of a Member of the Management Board for Finance. She joined other females on the Management Board: Anna Grabowska, Vice-President of the Management Board for Consumer Strategies and Jolanta Bańczerowska, Member of the Management Board for Personnel. This means the number of men and women on the Management Board of Żabka is equal, positioning our company as one of the few enterprises operating on the Polish market with gender parity. The number of women holding the positions of directors is growing as well - 3 women were working as Regional Sales Directors at Żabka in 2020.

Women prevail among office workers of the Group, holding specialist positions. Currently, as many as 62% of 5,000 franchisees are women.

Employees by employment category

Employees by employment structure	Share of employees from each category compared to the total number of employees in the organisation		Total share of employees in a given group
	Females	Males	
Operational positions	1.6%	22.6%	24.2%
Specialists	9.0%	14.1%	23.1%
Independent specialists	20.0%	16.0%	36.0%
Managerial staff / experts	5.0%	8.5%	13.5%
Higher level managerial staff	0.5%	2.0%	2.5%
Top managerial staff	0.2%	0.5%	0.7%

3.2 Governance and responsible management

GRI [103-2] [103-3]

Why is it important?

Governance and responsible management is a foundation of our business model. It balances the interests of particular groups from Żabka’s environment: investors, business partners, customers and local communities.

Only those companies that understand how important the non-financial factors are, including the ones applying mature long-term management practices - reduce risks and achieve better results.²⁰



Fig. Workshop held during the Żabka Analysts’ Forum

Our contribution

The scale of our operation and willingness to improve oblige us to provide top-quality managerial solutions in the sphere of corporate governance. The process of building an ethical organisational culture is based on our values that promote transparency and trustworthiness of all activities we undertake. To us, this also means equal treatment and combating discrimination among our employees, business partners, franchisees and suppliers. In 2020, we signed the United Nations Global Compact declaration, committing to:

- respect and support **the protection of internationally recognized human rights,**
- **counteract corruption** in all its forms, including bribery and extortion,
- **eliminate all cases in which human rights** are violated at work, as well as in the supply chain
- **supply chain eliminates all forms of slavery and forced labor** along the chain of our associates and suppliers,
- contribute to the actual **elimination of child labor** along the supply chain.



Global Compact
Network Poland

²⁰ GPW, https://www.gpw.pl/pub/GPW/files/PDF/RAPORT_ESG_2019.pdf

Our goals



04

We will define ESG criteria for our suppliers by 2023

03

We will train 100% of employees, each year, in the field of cybersecurity by 2023 (2020 baseline: 18%)

02

Until 2023, we will increase the number of Management Board meetings dedicated to discussing ESG issues to at least 12 per year (2020 baseline: 11)

01

We ensure 100% compliance of our internal policies with the laws and regulations corresponding with ESG by 2023



We will train 100% employees on business ethics principles and obtain their acknowledgment by 2025, we will enhance a working culture based on those principles

We will familiarize 100% of our business partners with the Code of Conduct and will ensure they have confirmed that in writing by 2025, we will build our cooperation based on the Code of Conduct

We will take ESG indicators into account while making all our key decisions and investments

What have we done so far?

GRI
 [102-7] [102-9] [102-11] [102-15] [102-17] [205-1] [205-2]
 [205-3] [206-1] [408-1] [409-1] [417-1] [418-1]

We have strengthened our corporate governance

The Ethics Committee, Anti-Mobbing Committee, the Internal Audit Department and the “Green Line” system (Whistle B platform), reporting directly to the Management Board, have been established at Žabka. This means each employee, associate, and business partner may safely report any alleged violations or irregularities.

All of Žabka’s organisational units have undergone a corruption related threat assessment. We have drawn up and introduced a plan of compliance training courses that are compulsory for all employees. The program’s curriculum covers, inter alia, such issues as verification of business partners, reporting irregularities, conflicts of interest, accepting/giving gifts and samples, rules for cooperation with public administration bodies, as well as anti-corruption rules.

All members of our managerial bodies have become familiar with the applicable anti-corruption policy and procedures. Such information is also communicated to all employees and associates of Žabka. **Contracts concluded with our suppliers contain anti-corruption clauses and provisions concerning compliance.** In 2020, we did not identify any activities of corrupt nature. Our organisation did not have to act as a participant to any judicial and administrative proceedings, either ongoing or completed, concerning corruption, either. No proceedings were instigated against Žabka with regard to violation of anti-trust or free competition regulations



As far as our supply chain is concerned, the activities we undertake are aimed at protecting human rights, including by counteracting forced labor and child labor and by ensuring decent remuneration.

The supplier selection process is defined by the supplier quality qualification instructions in effect at the company and ensures the most stringent human rights standards are complied with.

In 2020, two cases of data loss were recorded at Žabka. Both violations were detected internally and reported to the Personal Data Protection Office.

We have expanded the risk management system

We started to expand the system used for monitoring various types of risks affecting our daily business operations, while **taking into account non-financial factors**, and undertake actions aimed at minimizing the probability of their occurrence. An overview of the most significant threats that have been identified is presented in the table below.

Risks with ESG factors taken into consideration

Area	Description of risk
Finance	<p>Related, inter alia, to potential interest rate fluctuations, loss of liquidity as well as foreign exchange risk, credit risk, changes in prices of and margins generated on sold products, thus increasing operating costs.</p> <p>The Organisation is also monitoring market price risks regarding mainly the financial instruments in its possession. Financial risk management related goals and principles are presented in the additional note no. 29 to the financial statements of the Company for the year ended on December 31, 2020.</p>
Legal and regulatory environment	<p>Related, inter alia, to the ban on trade, the risk of restrictions imposed on commercial facilities due to the COVID-19 pandemic, as well as changes in tax regulations, labor law, regulations concerning the production and sale of food or OHS.</p>
Market	<p>Changes in market trends and/or customer preferences lead to the risk of an adverse impact on the results of the Company. The risk factors include, inter alia, increased competition, restrictions concerning market capacity, consolidation of the supplier market, aging of the society / increased poverty. Potential challenges related to ensuring customers are provided with products and services of proper quality are analyzed.</p>
Trust and reputation	<p>The risk of phenomena, activities or associations adversely influencing the brand value and shareholders' trust, resulting from, inter alia, complaints lodged by customers, judicial proceedings, potential penalties, recalling products from stores, non-compliance with regulations or customer expectations concerning environmental and/or climate protection.</p>
Strategy	<p>Risk of inefficient execution of strategic projects, loss of talents, poor employee retention. Climate-related risks including, inter alia, failure to mitigate and adapt to climate change; water crisis, availability of raw materials.</p>
Operations - Health and Safety	<p>Risks related, inter alia, to good quality of food products delivered to customers and of the Žabka Cafe offering, risk concerning meeting applicable sanitary requirements, including laboratory analyses of suppliers of own brand products.</p>
Operations - Efficient and responsible supply chain	<p>Supply chain disruptions caused by economic, business or pandemic-related factors. Challenges related to verification of supplier responsibility related criteria, e.g. those concerning labor law, environmental and climate protection, human rights and food safety.</p>
Operations - Cybersecurity	<p>Risks of data leaks and other challenges related to cybersecurity.</p>
Operations - Ethics and abuse	<p>Risk of corruption at the stage of preparing goods for shipment, their transport and purchase.</p>
Environment	<p>Adaptation to environmental regulations, including the risk of tightening regulations related to energy efficiency, packaging waste or sourcing financing based on green criteria.</p>

GOOD PRACTICE

Continuity of operation ensured by efficient management during the pandemic

Our emergency plans prepared long before the world found out about COVID-19 were very helpful in managing Żabka during the pandemic. Scenarios for continuing business activity and executing key processes in the event of disturbances to normal operations or a crisis (the so-called Business Continuity Plan - BCP) obviously required adequate adaptations, but allowed us to safeguard business continuity and ensured rapid changes could be introduced to our operations, thus shortening the decision making chain as much as possible.

The first BCP meeting concerning the COVID-19 pandemic took place on March 4, 2020. Six days later a central Crisis Team was appointed, comprised of Management Board members, Heads of Technical, Legal, IT and Financial Departments, and the Director of Corporate Affairs. 49 meetings of the Crisis Team were held in 2020: in the first weeks of the pandemic the Team was meeting twice a day. These meetings continue to be held on a regular basis for the duration of the pandemic - currently, they are held once a week. We have also appointed an interdisciplinary operating team consisting of project managers coordinating the performance of specific tasks.



We identify and take advantage of organisation development-related opportunities

We analyze trends, monitor the economic and market situation on a regular basis, and check our competence, resources and competitive advantage to identify key opportunities for our company.

- Development of digital technologies**
 Customers' needs and requirements concerning digital technologies used while doing everyday shopping are increasing. This trend has been reinforced by the COVID-19 pandemic and by the restrictions imposed - despite the fact some limitations have been lifted, many Poles prefer to avoid crowded places. The number of Poles shopping online and using modern technologies is increasing - this is a chance for the growth of the delivery market.

self-service stores and technologies enhancing the efficiency of on-site service.

- **Expansion by scaling the business model**

Efficient use of the effect of scale, current market situation, technological advances, relatively low saturation of the Polish market with modern convenience stores - these are all opportunities allowing us to increase the pace of our current expansion. The key factors include development of artificial intelligence and algorithms supporting decision making processes while selecting the location of new stores, automated logistics and distribution centers under construction, the current market situation that ensures better availability of attractive locations for new stores, as well as flexibility of the store format allowing us to adapt it to the individual locations.

- **Credibility and trust in the time of the pandemic**

Żabka's brand and its reputation are our capital and the source of our competitive advantage. The positive image of Żabka was additionally reinforced by responsible and efficient activities during the pandemic - 81% of franchisees positively evaluated Żabka's support during this difficult time.

- **Responding to customers' needs**

Research shows the period of social distancing during the COVID-19 pandemic has changed our nutritional habits.²¹ Poles eat more healthy food, opt for vegetables more frequently, and some have given up meat in favor of plant-based products.

For obvious reasons, cooking and eating at home, with one's family, has become more popular - nearly 40 percent of Poles admit they cook more often after the social distancing requirements were introduced, while 41 percent of the respondents admit they started appreciating cooking with their loved ones during the pandemic. Many people claim also they want to maintain the positive changes in their diet after the end of the pandemic.

The number of customers paying attention to information about foodstuffs and willing to know more about the food they buy is increasing as well.²² Consumers are particularly interested in ingredients (90%), their impact on our health (83%) and in the content of nutrients (82%).

40%

Poles admit they cook more often since the beginning of social distancing

²¹ "Eating habits of Poles during social restrictions imposed by the 2020 coronavirus pandemic" conducted by MRW to the order of Upfield, 2020

²² Ibid.



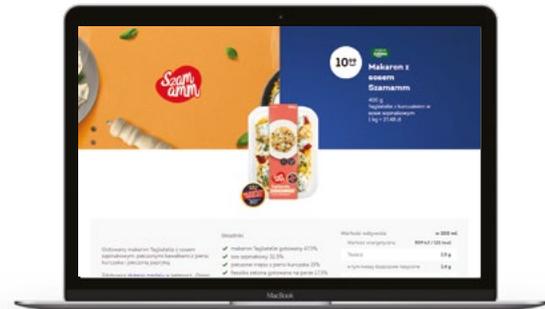
We have undertaken activities aiming to refine our operations

We are grateful for every customer buying our goods and services, but we do not forget about the sales-related responsibility we have. We are very attentive when it comes to regulations concerning the sale of alcohol and tobacco products. **Using an e-learning platform, we teach the rules of responsible sales to our franchisees and their employees.** We want every person working at Żabka to know how and when to refuse to sell alcohol and cigarettes, and why assertiveness is crucial in that process. During the training courses, we use videos and animations showing how to behave appropriately in situations of attempted unauthorized purchase of alcohol. Additionally, when scanning alcoholic products, a message reminding the shop assistant of the need to confirm whether the person is of age is displayed on the register's screen. We continue to refine responsible sale practices.

Due to the pandemic related restrictions requiring customers to cover their nose and mouth, recognizing the age of customers buying alcohol has become even more difficult for shop assistants. Therefore, we conducted, **in 2020, a campaign titled "The face mask does not alter your age. At Żabka, we sell alcohol responsibly!"** As part of the campaign, we prepared special leaflets for franchisees and their employees reminding them of the guidelines they need to follow while refusing to sell alcohol to minors, and quoting the regulations that require alcohol buyers to produce their identity cards. We also supplied our shop assistants with badges informing customers about the responsible attitude of our employees.



Together with RoPSAN (Association of Parents Against Selling Alcohol to Minors), we perform regular "mystery shopper" audits and check the potential readiness of stores to sell alcohol to minors. In 2020, such an audit was performed **at 422 randomly selected Żabka stores in 9 voivodships:** Dolnośląskie, Małopolskie, Mazowieckie, Łódzkie, Podkarpackie, Pomorskie, Śląskie, Warmińsko-Mazurskie and Wielkopolskie. The results of these audits serve as a basis for drawing up and implementing applicable standards, and are the foundation for educational efforts supporting responsible sales.



Being an entity that is responsible for the production of our own brand products, we felt obliged to supply reliable and transparent information regarding our products. We make it easier for customers to make informed shopping decisions and to live sustainable lives by ensuring simple and well visible markings are included on the packaging of our own brands products. In line with our procedures covering 100% of our own brand products, such markings provide information about ingredients, safe use principles and disposal procedures.

We clearly communicate a given product does not contain any preservatives or that it is 100% plant-based. At our stores, we use labels marking vegetarian, organic, gluten-free or lactose-free products. Comprehensive information concerning the ingredients and the nutritional value of all own brands products and those originating from our suppliers are available on our website.

As part of the Integrated Management System, we have conducted:

140 internal audits 320 internal training courses 300 quality team meetings

ISO 22000

Food safety management



ISO 50001

Energy management



ISO 14001

Environmental management systems



ISO 45001

Occupational health and safety



Health and Safety+ Program

The Żabka Group continuously develops its **Integrated Management System (IMS)** that is based on four international standards: **ISO 22000:2018*** - guaranteeing food safety, **ISO 14001:2015** - being an expression of our care for the natural environment, **ISO 45001:2018** - covering the **OHS** management system, and **ISO 50001:2018** - related to efficient energy management.

* from 2021. Previously - ISO 22000:2005

We have developed responsible supply chain practices

Our company's supply chain is based on the wording of the Integrated Management System Paper and on the provisions of manuals and procedures attached thereto. We act in an efficient and standardized manner at each stage of the process - from planning the deliveries to stores, loading products, to their unloading. We have procedures in place that are ready for implementation in emergency situations and if potential food safety-related threats are encountered. We take a number of verification efforts ensuring consumer safety and actively engage the individual teams within our organisation in the process. We monitor food law provisions on an ongoing basis and update our requirements accordingly. We set forth principles applicable to returning products to the Logistics Center and provide for the functioning of the settlement system.

751 number of sensory assessments

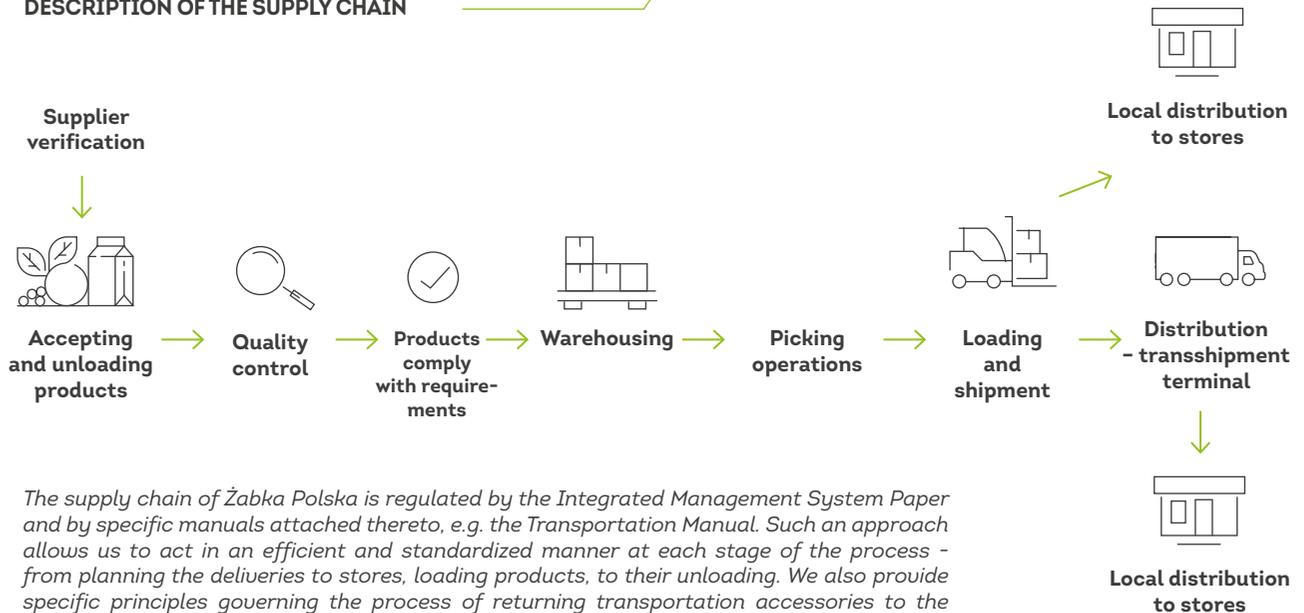


10,740 number of laboratory tests performed annually

114,214 number of products assessed

71 number of supplier audits performed

DESCRIPTION OF THE SUPPLY CHAIN



The supply chain of Żabka Polska is regulated by the Integrated Management System Paper and by specific manuals attached thereto, e.g. the Transportation Manual. Such an approach allows us to act in an efficient and standardized manner at each stage of the process - from planning the deliveries to stores, loading products, to their unloading. We also provide specific principles governing the process of returning transportation accessories to the Logistics Center and provide for the functioning of the applicable settlement system.





All products delivered to stores are subject to verification. All of them must comply with Żabka's quality standards. Own brand products are additionally verified, prior to their introduction to the market, and are subjected to external analyses performed at accredited laboratories. **From planning deliveries to the Logistics Center, to their acceptance, storage, to shipping to stores - all products are inspected several times: at laboratories, using sensory methods, as well as at their acceptance by the Logistics Center.** Compliance with quality standards pertaining to production of food and packaging, as well as to storing and distribution of goods to Żabka stores is overseen by our **Integrated Quality Management System, being a part of the IMS.** The system has been certified for its compliance with the renowned **ISO 22000:2018 standard.** Our strict quality standards have become even more demanding after introduction in 2020, of the innovative **Health and Safety+ program.** The program covered selected own brand suppliers. It aimed to verify processes and procedures related to crisis management, enabling also to assess employee's attitudes and awareness.

[For more information, please go to page 133](#)

In 2020, 100% manufacturers we have been cooperating with were verified for their compliance with international standards applicable to food safety management systems.

Our supply chain is based on the transport management system in effect in our organisation. It allows us to track deliveries, modify product packing methods so they may be stacked on shelves more efficiently, and enable the introduction of new methods for distributing products in controlled temperature conditions.

The facilities opened in 2020 expanded Żabka's logistic network that comprised seven Logistics Centers and 20 transshipment terminals used for distributing goods to all stores across Poland. Deliveries to our stores take place up to six times a week. **Over 80% of our stores receive logistic support every other day.**

We are involved in protecting human rights, counteracting forced labor and child labor, as well as ensuring remuneration allowing one to live a dignified life. That is why **all foreign suppliers and business partners importing goods from abroad are verified in order to ensure their products or manufacturing sites are not included in the American Labor Department's "List of Goods Produced by Child Labor or Forced Labor".** When cooperating with suppliers from high-risk countries, we require them to confirm that an external audit concerning compliance with ethical principles has been conducted at their sites.



* from 2021. Previously - ISO 22000:2005

3.3 Transparency and validation

GRI [103-2] [103-3]

Why is it important?

By disclosing non-financial data, we are able to summarize our activities and the results we achieve. We are also able to draw applicable conclusions and make our *modus operandi* more efficient. Reporting procedures provide a full managerial picture, allowing us to monitor our results and increase the accuracy of our business decisions. **The non-financial report allows us also to strengthen our reputation and trustworthiness among key stakeholders. It also reinforces our market position and is beneficial for the company's image.** One must not forget in 2017 an amendment to the Accounting Act entered into force, imposing certain companies to disclose non-financial data. The new law offered a significant impulse to the market - it is binding upon approximately 300 companies operating in Poland. 79% of global leaders in the field of non-financial reporting confirm the process translates into more streamlined decision-making processes. 80% of respondents stated that reporting financial and non-financial issues in an integrated manner "contributes to the organisation's business success." It is also worth emphasizing the significance of reporting non-financial issues is growing - **intangible assets account currently for 84% of goodwill in an average company.**

Our contribution

The Responsibility Report is consistent with one of the key values of the Żabka Group - openness and transparency. **We are committed to active communication with the important groups of our stakeholders.** Therefore,

we consistently refine our non-financial reporting process. Publication of the third Responsibility Report is in line with our business strategy that places great emphasis on responsibility and transparency. Our goal is to maximize financial and non-financial values and to maintain our leading market position. We are able to achieve these goals by implementing on going management processes and by drawing up short and long-term plans. We focus not only on generating measurable profits and on achieving a good market position, but also on building the image of a company that is responsible for its customers, employees, and associates, as well as for the entire industry, consumers, and its broadly understood environment.

99

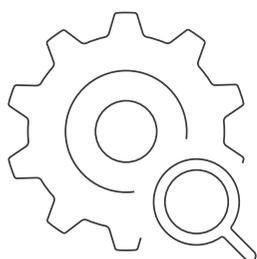
Trust is the most valuable asset. Gone are the days when investors expected financial results only. Modern business players must be reliable and transparent in their communications. Investors expect a wide range of communication forms and tools and require ongoing access to key information, including that of non-financial character. To live up to these expectations, we continuously refine our processes and raise the bar even higher. That is why we are standardizing and automating the system for monitoring and reporting non-financial results this year, by harnessing state-of-the-art technologies. As the Management Board, we are committed to verify the applicable indicators on a regular basis, and to check the progress of implementing our strategy.

99



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

Our goals



02

We will continue the EcoVadis certification process initiated in 2020



03

We will improve our transparency by regular external verification of selected ESG aspects and by subjecting ourselves to selected ESG reviews from 2021 onwards



01

The Żabka Group will publish an integrated report, from 2022 onwards, in accordance with the guidelines of the International Integrated Reporting Council (IIRC)



We will be reporting externally in accordance with the best practices, taking into account international standards

What have we done so far?

GRI
 [102-40] [102-42] [102-43] [102-44] [102-45]
 [102-46] [102-47] [102-49] [102-50] [102-51] [102-52]
 [102-53] [102-54] [102-56] [103-1]

We have enhanced the transparency and reliability of our disclosures

The Responsibility Report describes the company's initiatives undertaken in 2020 in the area of responsible business and sustainable growth. Some projects have been initiated earlier, others were commenced last year and are still being continued. The Responsibility Report is also a good way to summarize previous achievements. It presents data from the entire calendar year, i.e. from **1 January 2020 to 31 December 2020**. As far as information regarding the Management Board of the company is concerned, it also includes data from the period ending upon completion of work on this document, i.e. until the end of May 2021. The previous report was published in June 2020 and covered data from 2019 i.e. from the period between 1 January 2019 and 31 December 2019. The report is published annually.

The report is drawn up in accordance with the GRI Standards (Global Reporting Initiative) - the international non-financing disclosures standard in its CORE version. It is also based on the 10 United Nations Global Compact Principles²³ and on recommendations presented in the publication of the World Economic Forum titled "Measuring Stakeholder Capitalism: Towards Common Metrics and Consistent Reporting of Sustainable Value Creation."²⁴ **The report has been subjected to an independent, external verification process.**



Its contents have been consulted in order to identify information related needs of the Group's stakeholders. Following the review of issues and trends that are of significance for the commercial and service sector in which Żabka operates, a topic significance matrix, presented on the subsequent pages of the report, was drawn up.

The document takes account of all Żabka units: **the Headquarters along with the Management Board, Logistics Centers, and Żabka stores located across Poland.**

Dialog with key stakeholders

Our operation would be impossible without constant dialog with our stakeholders whom we engage - using different methods - in the process of discussing Żabka's sustainable growth. The publication of this report aims to build good relationships with key stakeholders.

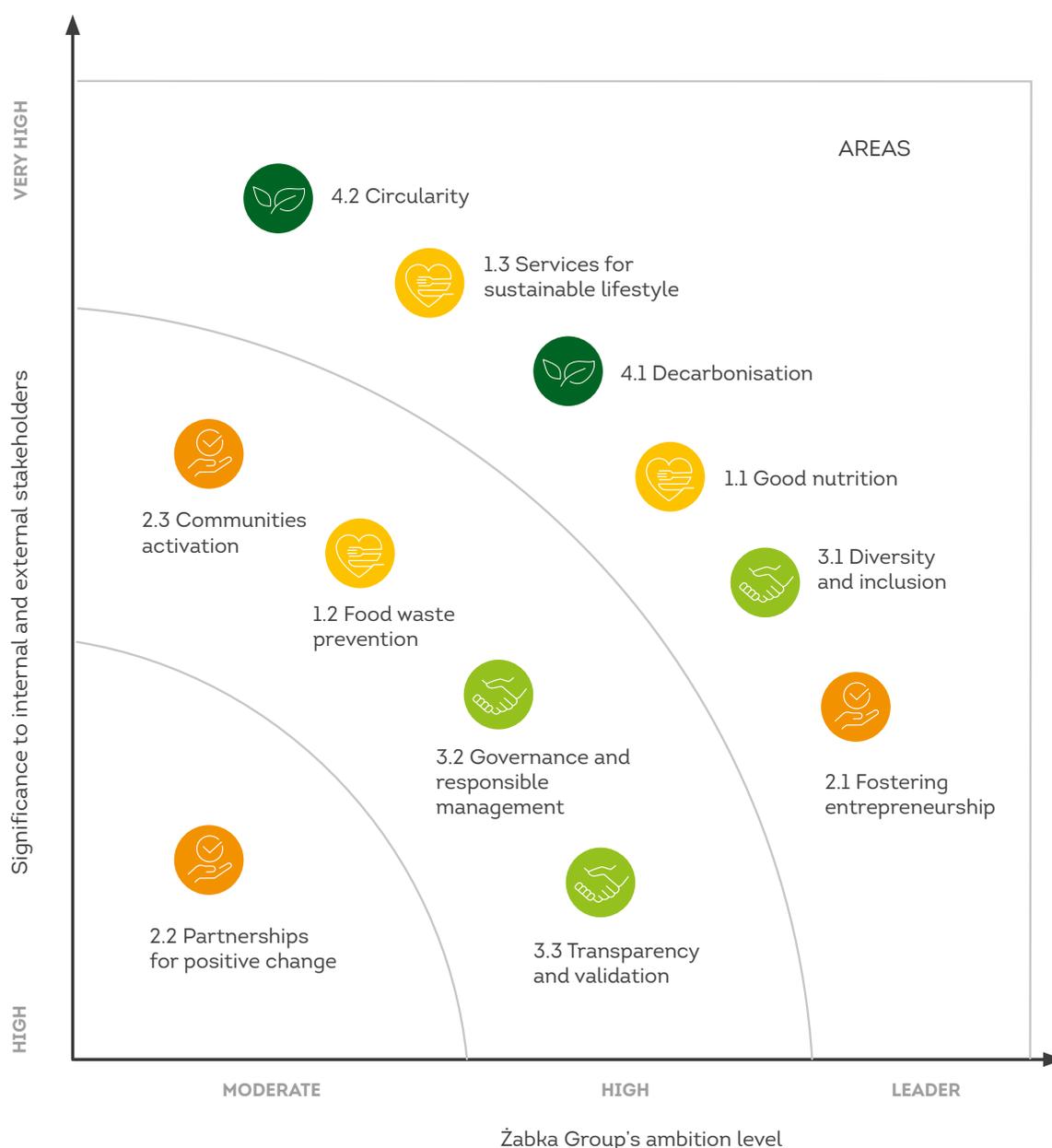
²³ UNGC, <https://ungc.org/pl/o-nas/obszary-dzialan/>

²⁴ WEF, <https://www.weforum.org/reports/measuring-stakeholder-capitalism-towards-common-metrics-and-consistent-reporting-of-sustainable-value-creation>

The process of defining significance

The report has been drawn up based on international guidelines. The process was divided into two stages: **identification of those aspects of our operation that are of key significance for our stakeholders, as well as prioritization and validation of our operations with the participation of the company's representatives.** Żabka has conducted,

among its employees, customers, franchisees and experts, a survey identifying the significance of issues related to sustainable growth. The rating of significance of the individual aspects is presented on the right. They are also linked to the specific ambitions of the entire Group.



Stakeholder groups and methods of their engagement

Responsible organisation



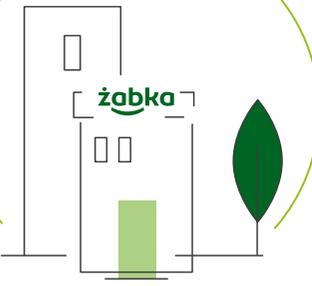
Customers and consumers

- Chatbot / Customer Support Center
- Consumer bulletins and on-site communication (posters / digital signage)
- Press releases
- E-mail
- Żappka app
- Social Media (Facebook, Instagram and LinkedIn)
- Advertising materials / TV commercials / radio commercials
- Website



Franchisees

- "Razem" magazine
- Cyberstore app
- Satisfaction survey - "Razem" magazine
- Franchisee Support Center
- "Infobiznes" franchisee's guide
- Franchisee conferences
- Hotline
- E-mail
- On-line meetings with all franchisees
- Meetings of the Board of Franchisees
- Joint social campaigns
- Franchisee-centric initiatives
- Training courses



Employees

- Gallup Institute's engagement survey
- Żabway app
- "Razem" magazine
- Strategic and budget meetings of managerial staff
- Training courses
- Town Hall
- Joint social campaigns
- Annual evaluation interviews
- E-mail
- Internal communication, newsletters, questionnaires (e-mail)
- Social Media (LinkedIn)
- SMS
- Direct meetings

Office communication (Digital Signage displays along walkways and in conference halls at the Headquarters and at Logistics Centers)



Local communities

- Press releases
- Corporate website
- Advertising materials
- Social media
- Joint social campaigns



Media

- LinkedIn
- Press releases
- Communication with the Press Office (comments, answers to questions asked by journalists)
- Press conferences
- Website



Business partners service providers

- Business meetings
- Conferences and online meetings
- Annual supplier conference

- Advanced Customer Insight Tool
- Control visits, food quality and safety audits



Non-governmental organisations and associations

- Press releases
- Corporate website
- LinkedIn
- Advertising materials
- Partnerships / patronages
- Meetings



Public authorities, supervisory bodies and local councils

- Press releases
- Corporate website



Green planet

Green planet



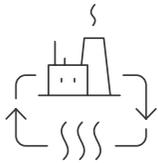


Fig.
EKOstore Żabka,
Lewandów 46H
street, Warsaw

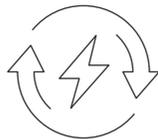
Key figures



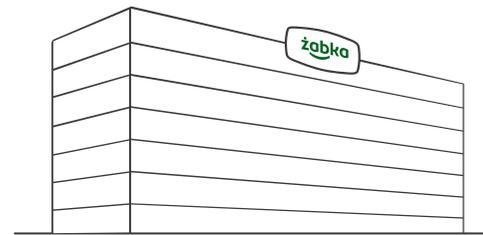
48.4 GWh
energy used in own operations in 2020²⁵



368 GWh
energy consumed by stores



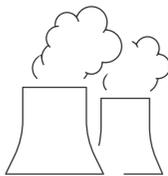
22.1 GWh
energy saved by optimization and innovation²⁶



Żabka headquarters in Poznań
is **100% powered**
by green energy

For the 1st time

we calculated our carbon footprint in the entire value chain



13,261 tCO₂e
direct emissions

100%

plastic recovered from own brand products and store materials

↓ -7%

10,885 tCO₂e
indirect emissions related to energy²⁷

16%

recovery rate of all plastic introduced to the market

Decrease in greenhouse gas emissions (scope 1,2,3) by sales revenues

2,458,630 tCO₂e
indirect downstream and upstream emissions



100%

bottles used in own brand products are recycled

Green planet

²⁵ Headquarters and logistics centers.

²⁶ Generation by stores included.

²⁷ Market-based.

What are we striving to achieve?

GRI
[103-2] [103-3]

Climate activities are a great opportunity for companies operating in such competitive sectors as commerce. Banks and investors attach a great emphasis to what companies do to reduce their environmental impact. **The future belongs to companies whose responsibility go beyond their financial results only.**

Through all the years of its growth, Żabka has changed its image and its approach to caring for our planet. We aim high - **Żabka is green by nature and our ambition is to set an example for others to follow.** Therefore, responsibility for the environment is a key element of all our strategic actions, not only those directly related to our care for the planet.

We know together we can take responsibility for the way we leave our mark on the planet and eliminate all our adverse impacts. We are aware environmental protection requires multilateral cooperation. That is why we engage

stakeholders in our activities - we cooperate with our business partners for to decarbonise the value chain, and working together with our customers and franchisees, we ensure circularity of the packaging materials' lifecycle. We have also **appointed a Green Officer whose task is to coordinate our environment-related activities.**

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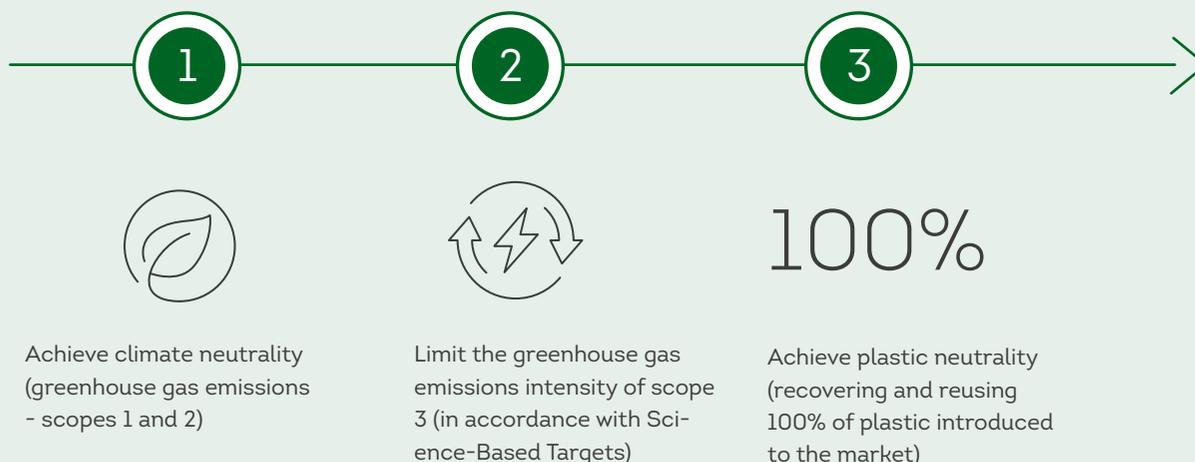
At Żabka, we believe thinking about "here and now" is not sufficient, as such an approach prevents us from seeing tomorrow. Thinking about our common future, we care for our planet today. The strategic pillar related to protecting the environment is a manifestation of our concern for the planet and is an answer to the most important challenges faced by the contemporary world, i.e. to climate protection as well as to promoting and developing a circular economy.

99



Anna Gorączka
Green Officer

Our commitments



4.1 Decarbonisation

GRI [103-2] [103-3]

Why is it important?

Climate change effects all countries on all continents. The global economy emits more and more greenhouse gases, disturbing the carbon balance and increasing global temperatures. Preventing climate change is a global challenge knowing no state borders. Greenhouse gas emissions generated anywhere in the world impact the population all around the globe. The United Nations Conference on Climate Change (COP21) held in Paris adopted the Paris Agreement aimed at consolidating global actions for the prevention of climate change. **All countries that concluded the Agreement undertook to contribute to limiting the global increase of temperature to less than 2° Celsius.**

Air pollution is an important problem faced by Poland as well. According to estimates of the European Environmental Agency, air pollution contributed to nearly 50,000 deaths in our country in 2018. **As many as 29 out of 100 European towns and cities with the worst air quality are located in Poland.**

82% of surveyed Poles are aware of environmental problems;

44% of the respondents declare they will undertake pro-ecological activities regardless of the costs involved;

78% of Poles believe the Earth's condition is serious and requires immediate action.²⁸

²⁸ Kantar, UNGC, <https://ziemianieatakuja.pl>

Our contribution



Each activity of the company - from manufacturing products, to using energy during its operations, to waste disposal - leaves a specific carbon footprint. **In 2020, we undertook to calculate our comprehensive carbon footprint (scope 1, 2 and 3) in accordance with the international Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard. The emissions related to the individual scopes have been consolidated based on the operational control criterion.**

Our priority is to reduce the carbon footprint caused by both direct and indirect emissions, e.g. consumption of electrical energy at our stores. This objective is important not only to us, but also to our stakeholders - customers, franchisees, and business partners. We approach the challenge in a comprehensive manner - **we work on reducing energy consumption and seek to identify carbon-free energy sources. We also test green technologies and encourage our franchisees and suppliers to join us in our efforts.**



Our goals

01

We will join SBTi and will publish our decarbonisation objectives by 2021

02

We will reduce electricity consumption intensity by 5% (MWh/PLN1m) by 2023 (2020 baseline: 37.7 MWh/PLN1m in sales revenue)

03

We will reduce total greenhouse gas emissions by 10% at minimum (scope 1 and 2) by 2023 (2020 baseline: 24,146 tonnes CO₂e)

04

All our offices and logistics centers will be powered by Renewable Energy Sources (scope 2) by 2023 (2020 baseline: 2.4%)

05

We will involve key suppliers in joint efforts for decarbonisation of the supply chain

06

We will reduce greenhouse gas emissions intensity (scopes 1 and 2) (t CO₂/PLN1m) in line with SBTi goals (2020 baseline: 2.4 t CO₂e/PLN1m in sales revenue)

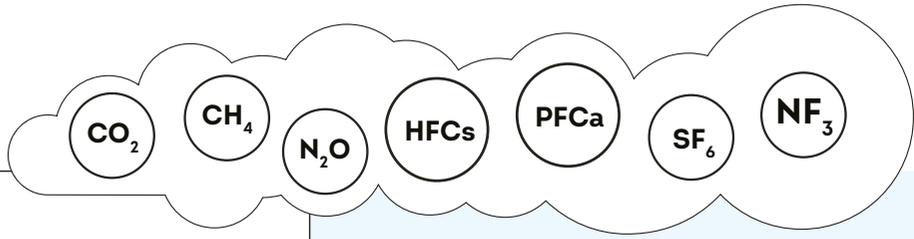
07

We will reduce greenhouse gas emissions intensity (scope 3) (t CO₂/ PLN1m) in line with SBTi goals (2020 baseline: 241.3 t CO₂e/ PLN1m in sales revenue)



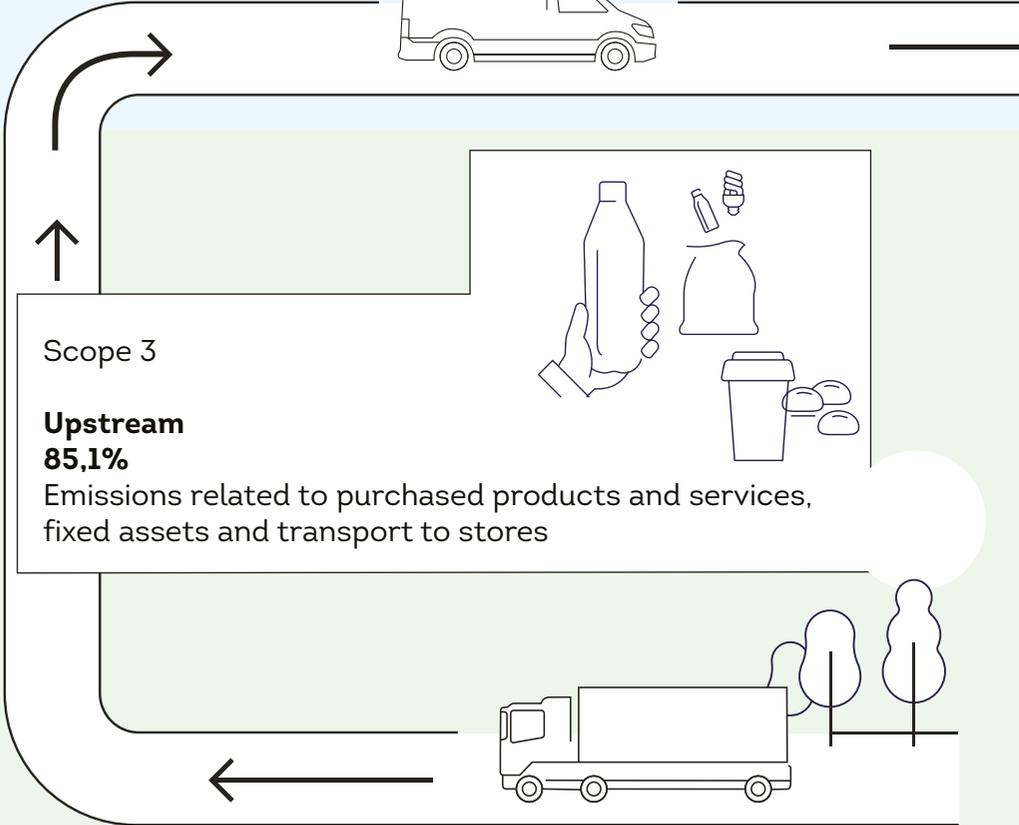
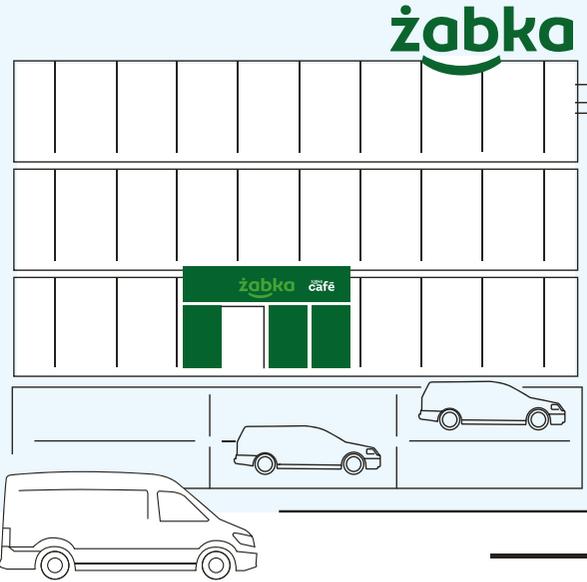
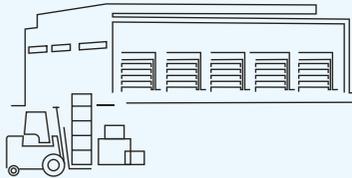
We will become climate-neutral (in terms of greenhouse gas emissions related to scopes 1 and 2) by 2025

We will limit the greenhouse gas emissions intensity of scope 3 (in accordance with Science-Based Targets) by 2025



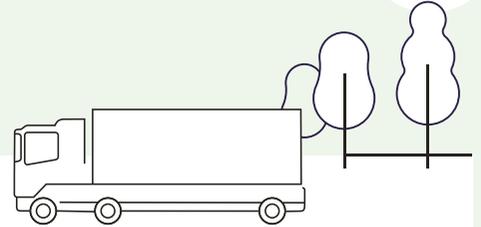
Scope 1
0,5%
 Direct emissions arising from burning fuel at Logistics Centres and emissions related to the fleet and refrigerants

When calculating fuel-related GHG emissions, we relied on indexes from the DEFRA (Department for Environment, Food & Rural Affairs, UK) database. When calculating GHG emissions related to refrigerants, we sourced the GWP indexes from the DEFRA database or from the refrigerants' safety data sheets. In the case of GHG emissions related to municipal heat purchases, GWP indexes were sourced from the DEFRA database.



Scope 3
Upstream
85,1%
 Emissions related to purchased products and services, fixed assets and transport to stores

When calculating GHG emissions of the purchased products (62% of products), we relied on the averagedata method and on the indexes sourced from the EcoInvent database, as well as from other generally accessible scientific sources. GHG emissions of purchased products (38%), services, capital expenditures and business trips, worked out with the use of the spend-based method, we relied on the EEIO (Environmentally extended input-output) calculation model and on Exiobase data. WTT (well-to-tank) indexes related to emissions generated by transport, distribution and waste management processes were sources from the DEFRA database.



Scope 2

0,5%

Indirect emissions arising from the consumption of electrical power through Logistics Centres and the company Headquarters

When calculating GHG emissions related to electricity, regardless of whether the location-based or the market-based method was applied, we relied on data sourced from the National Emissions Balancing and Management Center and from DEFRA. In the case of GHG emissions related to municipal heat purchases, GWP indexes were sourced from the DEFRA database.

Decarbonisation of the value chain

Scope 3

Downstream

13,9%

Emissions resulting from the consumption of the electrical power and coolants at stores

When calculating GHG emissions related to refrigerants, we sourced the GWP indexes from the DEFRA database or from the refrigerants' safety data sheets. When calculating GHG emissions related to electricity, regardless of whether the location-based or the market-based method was applied, we relied on data sourced from the National Emissions Balancing and Management Center and from DEFRA.

What have we done so far?

GRI
 [302-1] [302-2] [302-3] [302-4] [305-1] [305-2] [305-3]
 [305-4] [305-5]

We have undertaken activities aiming to achieve climate neutrality of our operations

Our direct greenhouse gas emissions (scope 1) amounted to 13 thousand tons of CO₂e - a little more than 0.5% of our total emissions. The figure presented above includes emissions generated by the combustion of fuels used for heating and cooling purposes, emissions related to the use of company cars, and emissions related to releasing coolants from our refrigerators, freezers and air conditioners working at the company Headquarters and at our Logistics Centers. 2020 indirect emissions resulting from the purchase of electricity equaled, using the location-based approach, 11,2 thousand tons of CO₂e, and using the market-based approach - 10,9 thousand tons of CO₂e.



Fig. E-Crafter van purchased from and tested in cooperation with Volkswagen Polska

Direct emissions	Greenhouse gas emissions [tCO ₂ e]	
	2019	2020
Fuel consumed to generate heat/cold	1,701	1,982
Own fleet	5,412	5,357
Refrigerants at logistics centers (including dry ice)	4,655	5,923
Total direct emissions	11,767	13,261

Indirect emissions	Indirect greenhouse gas emissions [tCO ₂ e, location-based]		Indirect greenhouse gas emissions [tCO ₂ e, market-based]	
	2019	2020	2019	2020
Indirect emissions related to electricity generation	10,569	10,891	10,569	10,624
Indirect emissions related to heat generation	93	261	93	261
Total indirect emissions	10,662	11,152	10,662	10,885

Striving to reduce our energy consumption, the Żabka Group has implemented an ISO 50001:2011 compliant Energy Management System covering the chain of our stores as well. The standard ensures a constant increase in energy efficiency, thus translating into reducing our environmental footprint. In 2020, we carefully scrutinized the company's processes and determined those areas in which energy saving solutions may be introduced. Our activities have allowed us to reduce the energy intensity index describing the ratio between energy consumed and revenues generated. It equaled 37.6 MWh per PLN 1 million in revenues and was by 3.6 lower than in 2019. **Reduction of energy consumption means all related expenditures are decreased as well. Additionally, the life-cycle of equipment is extended, the number of breakdowns is reduced and greenhouse gas emissions are cut.**

We want to manage our energy consumption processes in a transparent manner. In 2020, we moved our Headquarters to one of the most environmentally friendly buildings in Poland, with its low impact confirmed by the LEED Platinum certificate. **Our new Headquarters are powered by electricity acquired fully from renewable sources.**

We place a great emphasis on correct organisation and management in two crucial and mutually complementary processes: transport and logistics. We promote modern urban logistics based on the Smart & Green City principle. Willing to protect the cities and their residents from harmful impact of smog and noise, we are testing zero-emission e-Crafter vehicles. The electric vans are used in Poznań and Warsaw. The project is implemented in cooperation with Volkswagen Samochody Użytkowe. We have also invested in our own electric car charging stations located at the Logistics Centers in Nadarzyn and Plewiska.

Direct energy consumption at Żabka amounted to 48.4 GWh in 2020. The majority of energy was consumed by our Logistics Centers and by company vehicles. Indirect energy consumption (including energy consumed by stores) equaled 368 GWh.

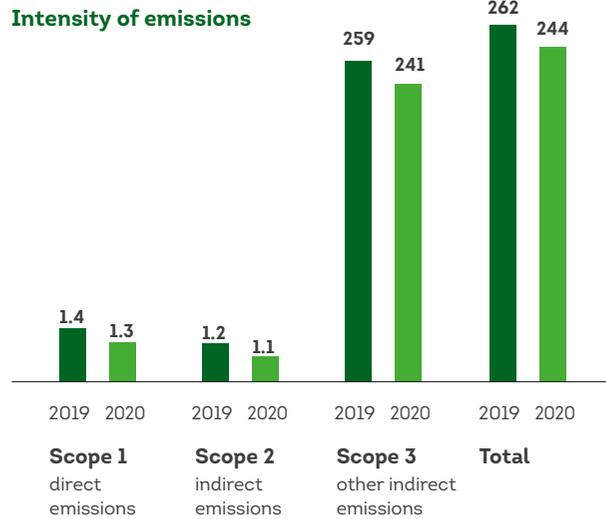
The energy intensity ratio equaled 40.9 MWh / PLN 1 million in revenues, and was by 3.8 MWh lower than in 2019.

Direct energy consumption		2019 [MWh]	2020 [MWh]
Total consumption of energy from non-renewable sources (own or purchased), by raw materials	Diesel	20,190	20,034
	Natural gas	9,236	10,828
	Petrol	621	975
	Heating oil (red Diesel)	40	31
	Total	30,088	31,868
Total consumption of energy from renewable sources (own or purchased) by raw material	Wind power	0	369
	Total	0	369
Total consumption of energy, generated in-house or purchased, by electricity and heat (market-based)	Electricity (market based)	14,584	14,642
	Heat	529	1,515
	Total	15,113	16,157
Total energy consumed by the organisation		45,201	48,394

We have undertaken activities aiming to limit the intensity of emissions along the entire supply chain

Starting from 2020, we are analyzing not only those emissions that are directly linked to our operations, but also those of our partners and franchisees. Based on the GHG Protocol methodology, we calculated indirect emissions related to Żabka operations amounted to over 2.4 million tCO₂e and represent 99% of the company's carbon footprint. Each of the factors highlighted below exerts a significant impact on the carbon footprint from products sold at stores, to transporting them to stores. In line with our green strategy, we intend to develop a detailed action plan allowing us to gradually reduce our carbon footprint.

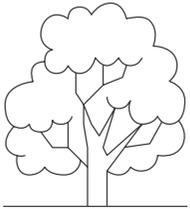
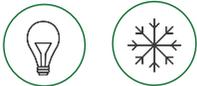
The intensity of greenhouse gas emissions (referenced to our revenues) equaled:



Indirect emissions sources	Greenhouse gas emissions [tCO ₂ e]	Greenhouse gas emissions [tCO ₂ e]
	2019	2020
Goods and services purchased	1,542,153	1,774,695
Capital expenditure	331,824	316,666
Activities related to extraction of fuels and to energy processing	3,190	3,148
Transporting and distributing goods to the organisation	15,981	19,970
Waste	no data	905
Business trips	330	57
Franchisees and their stores	325,608	343,188
Total indirect emissions	2,219,086	2,458,630

Green remodeling

The process of remodeling our stores completed in 2020 - one of the largest campaigns of this type in Europe - brought about a great opportunity to reduce our carbon footprint. It has provided our customers with access to modern and comfortable interiors, and has introduced a new, "smiling" logotype. For franchisees, the remodeling process means a more convenient way of doing business. And for the planet - **the remodeling campaign was tantamount to a massive change, since we used it to significantly reduce the consumption of natural resources and electricity.** The activities we undertook include, inter alia, **replacement of light sources with LED bulbs, installation of motion sensors controlling lighting systems, and using environmentally friendly refrigerants.**



Reduction of CO₂ emissions by 120 thousand of CO₂ equivalent. **This is the amount that trees in the Greater Poland National Park absorb in 4 years!** Replacement of refrigeration devices and lighting with more energy-efficient models has reduced electricity consumption by 6%.



GOOD PRACTICE

An incubator for environmentally friendly solutions

We are testing globally pioneering solutions related to green energy and transport, clean air and circular economy at one of our stores in Warsaw. This store is fully powered by green energy. 40% of the energy comes from photovoltaic panels and from other in-house sources, while the remaining 60% is generated by the Wierzcholas wind farm. The following solutions have been installed at the store: photovoltaic panels, quantum dots technology, a kinetic floor transforming steps into energy, anti-smog paving blocks and a green wall of plants absorbing dust and smog - after the positive completion of tests we are planning to implement selected solutions at other Żabka stores.

Fig. EKOstore Żabka, Lewandów street, Warsaw

Results:

Monthly reduction in CO₂ emissions is equal to the amount of carbon dioxide absorbed, during the same period of time, by 300 trees!

93% 96%

customers are of the opinion this store is setting trends

customers recommend this store to their friends/family



GOOD PRACTICE

Discover the great significance of small steps with Żabka

To celebrate the Earth Day, we launched our “Discover the great significance of small steps” program, under which we organised the “Second life of waste” competition for our employees, franchisees and associates. We received nearly 100 submissions with some ingenious ideas on how to give a second, better life to waste. 9 works were awarded for “out-of-the-box” thinking and for increasing the useful value of waste. Additionally, under the “Discover the great significance of small steps and use water responsibly” initiative, we encouraged our employees to start saving water - all those willing to participate in the campaign could collect a free-of-charge aerator to install in their tap at home. Under the motto “Discover the great significance of small steps” and “Segregate responsibly with Elk and Żabka”, we also drew attention to the question of waste segregation. We were educating our employees by means of light, humorous communication, an educational webinar, competitions, quizzes, and special posters placed at their workplaces. All of our activities undertaken as part of the “Discover the great significance of small steps” campaign have reached over 7,000 employees and franchisees.

GOOD PRACTICE

Reduction in use of paper and time savings

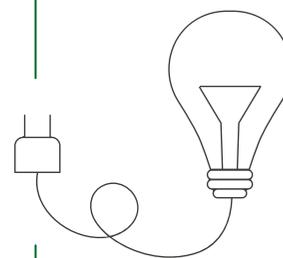
We were the first company in the Polish commerce sector to use the qualified electronic signature on a mass scale, in cooperation with other SMEs. Working together with Asseco Data Systems, we implemented a remote document signature platform used in communication between the Żabka Headquarters and franchisees - a mobile device with Internet access is all that is required to take advantage of this innovative solution. The ability to affix qualified electronic signatures means, for instance, that deliveries reach our franchisees quicker and in a more convenient manner. The number of paper documents has been reduced to virtually zero, which considerably facilitates archiving processes and helps save tons of paper. The new system will help Żabka save approximately 15 million sheets of paper a year in the logistics area alone.



GOOD
PRACTICE

The Earth Hour also at Żabka

Every year, Żabka participates in the WWF "Earth Hour" campaign making all inhabitants of the Earth aware of their shared responsibility for our planet. In 2020, despite the pandemic, our commitment did not change. At 8:30 pm on March 28, outdoor illumination of all Żabka stores and the Headquarters in Poznań was switched off for one hour. The slogan of the 2020 edition of the campaign in Poland was "Do not dam the rivers! Let them flow."



4.2 Circularity

GRI [103-2] [103-3]

Why is it important?

Until recently, economies were operating based on the linear resource use model that may be summarized in short as "take, use and throw away." Companies were extracting natural resources used for manufacturing goods sold to customers. Waste generated in the process was simply thrown away. As a result, the availability of natural resources was restricted and the amount of generated waste increased dramatically. **According to the Global Footprint Network, the planet needs 1.75 years to reproduce the resources used by humanity in one year, and the rate continues to increase.**²⁹ Experts estimate we have been living "on an environmental loan" for the past 50 years, and we can no longer afford to continue relying on this model. The planet we live on is a closed ecosystem with a limited ability to recover its resources.



The planet needs **1.75 years**

to recover the resources that humanity uses in one year.

Our contribution

GRI [301-3]

The modern convenience model assumes that the majority of products we sell is consumed right away. Therefore, their packaging is a crucial area of our responsibility. Żabka is

the first retail chain in Poland that engaged its customers in pilot programs focusing on its ensuring circularity of the lifecycle of packaging materials used in our own brand products. **Together with our customers and business partners, we collected the same amount of plastic last year that we introduced to the market through our own brands and through materials used at our stores.** We are also the largest network accepting returnable bottles. Taking account of all types of materials (e.g. glass, paper,



or aluminium), we recycled 173% of the materials introduced to the market under our own brands. Nevertheless, we are aware there is still much to be done - our ambition is to become a leader in the circularity area and a role model for others.

²⁹ GFN, <https://www.footprintnetwork.org/2019/06/26/press-release-june-2019-earth-overshoot-day/>

Our goals



01 100% of packaging materials of own brand products will be recyclable or will be made from recycled materials by 2025 (2020 baseline: 96% of recyclable materials used in own brand products)

02 We will involve main suppliers in activities aiming to reduce the amount of "virgin" plastic introduced to the market

03 We will increase the level of recyclable recovery packaging including glass, aluminium and paper

We will become plastic-neutral after 2025 (by recovering and recycling 100% of plastic introduced to the market by Žabka)

What have we done so far?

GRI
[306-2]

We have increased our contribution to promoting the circular economy

At Żabka, we make sure packaging and materials that we market may be treated as raw materials, and not as waste. In 2020, we conducted a series of strategic workshops for 20 key personnel members from our marketing and commercial departments. A long-term plan for own brands has been drawn up, providing **that 100% of packaging of own brand products will be recyclable or will be made from recycled materials.** We have also appointed a Packaging Innovation Expert, whose duty is to take care of the development of packaging and materials compliant with the eco-design rules.

As the first retail chain in Poland, Żabka offers water in a bottle and with a label made fully from recycled materials (100% rPET). OD NOWA is Żabka's another own brand product in packaging made from environmentally friendly materials. Bottles of our own brands - Foodini, Wycisk and SI - are also made of 100% recyclable materials.



Making our life simpler and achieving better segregation all in one

Only 41% of Poles know how to properly segregate waste.³⁰ To make proper waste segregation easier for consumers, we started to mark our own brand products (from early 2020) with information on how to dispose of used packaging materials. The markings we use are simple and intuitive. Using the well known symbol portraying a human throwing litter into a bin, we created an additional colour identification scheme compatible with the colours assigned to five major types of waste. The symbols of different colour bins used on the product label show the customers which bins to use while disposing of packaging materials. Our survey concerning the new markings shows that 84% of customers perceive the designations as helpful when segregating waste, while 82% of customers stated such designations should be placed on all products available in stores.³¹



³⁰ ARC Rynek i Opinia, FOB, https://odpowiedzialnybiznes.pl/wp-content/uploads/2019/10/Raport_CSR_ARC-FOB.pdf

³¹ Survey with the participation of Żabka customers conducted by EMBIS, 2020



By serving approximately 2.5 million customers a day, we are aware of our role in limiting the use of plastic and encouraging customers to make informed choices that are good for our planet. Therefore, we decided to withdraw unnecessary plastics and replace them with their biodegradable equivalents. We have decided to phase out straws added to ice sold in cups. In 2021, following a testing phase, we introduced allpaper lids that are fully made of natural, recyclable fibers.

We are also gradually phasing out plastic bags as well. An average Pole uses nearly 500 such bags each year, exacting a considerable impact on the condition of the natural environment. **Therefore, we decided to withdraw**

plastic bags from our chain and to replace them with FSC certified paper. By the end of 2020 this solution was introduced in more than 50% of our stores. In 2021, it was implemented by the entire Żabka chain. By eliminating unnecessary, disposable plastic materials from our stores, Żabka will reduce, together with its customers, the use of plastic by 1,000 tons per year.

Żabka was the first company in Poland to start testing circular economy solutions for its own brand products - we encourage our customers and franchisees to collect plastic bottles and to give second life to packaging; the pilot campaign is conducted at 29 stores in Warsaw. Bottles for mineral water offered under the OD NOWA own brand will be made from the packaging materials collected. We also want this campaign to convince our customers to develop the habit of recycling plastic beverage packaging in stores, just as glass bottles are returned. A consumer survey was conducted at our stores. 98% Żabka customers perceive this solution to be environmentally friendly, while 85% customers perceive it as practical.³²



³² Survey with the participation of Żabka customers conducted by EMBIS, 2020.

GOOD PRACTICE



Fig. Bottle recycling machine at EKOstore Żabka, Lewandów street, Warsaw

EKOmat machines – Together with our customers, we give a second life to bottles and cans

Żabka Polska and Żywiec Zdrój started a test of EKOmat - machines designed specifically to the order of those two companies and allowing selective collection of plastic and metal packaging of beverage products. The first machines were commissioned in 2020 at selected Żabka stores in Poznań and Warsaw. Customers returning packaging are rewarded with loyalty points in Żabka's mobile app and receive feedback on how much their activity has contributed to reducing our carbon footprint.



Weight of waste by handling method (tons)*

Handling method	Waste weight in 2020	
	Regular waste	Hazardous waste
Reused	0	0
Recycled	15,098.4	2.3
Composted	217.8	0
Reclaimed (including energy recovery)	308.2	0.2
Incinerated (or used as fuel)	1,098.5	0.3
Stored in deep wells	0	0
Landfilled	419.3	2.6
Stored on the premises	0	0
Other	214.1	0
TOTAL (tons)	17,356.2	5.4

* Data includes quantities of hazardous and non-hazardous waste reported in the BDO system as generated in 2020. Additionally, we are disclosing amounts of municipal waste collected by our warehouses on an ongoing basis. Data concerning the manner in which waste is managed are sourced from waste recipients and from administrative decisions on collecting waste.



Żabka ensures packaging is given a second life by conducting the **“Naturally together” program** in which 4,000 stores from our chain and all our Logistics Centers participate. In 2020, **over 10,600 tons of paper and cardboard, as well as over 1,600 tons of plastic were recovered.** The figures are 50% higher than in 2019. Foil and waste paper from packaging materials we collect are handed over to recycling plants. As part of the program, periodic articles are published in the Razem monthly magazine. We also use marketing materials and email communications to raise the awareness of our franchisees and their employees in the area of correct segregation of waste, which allows us to achieve the program’s objectives and, therefore, to

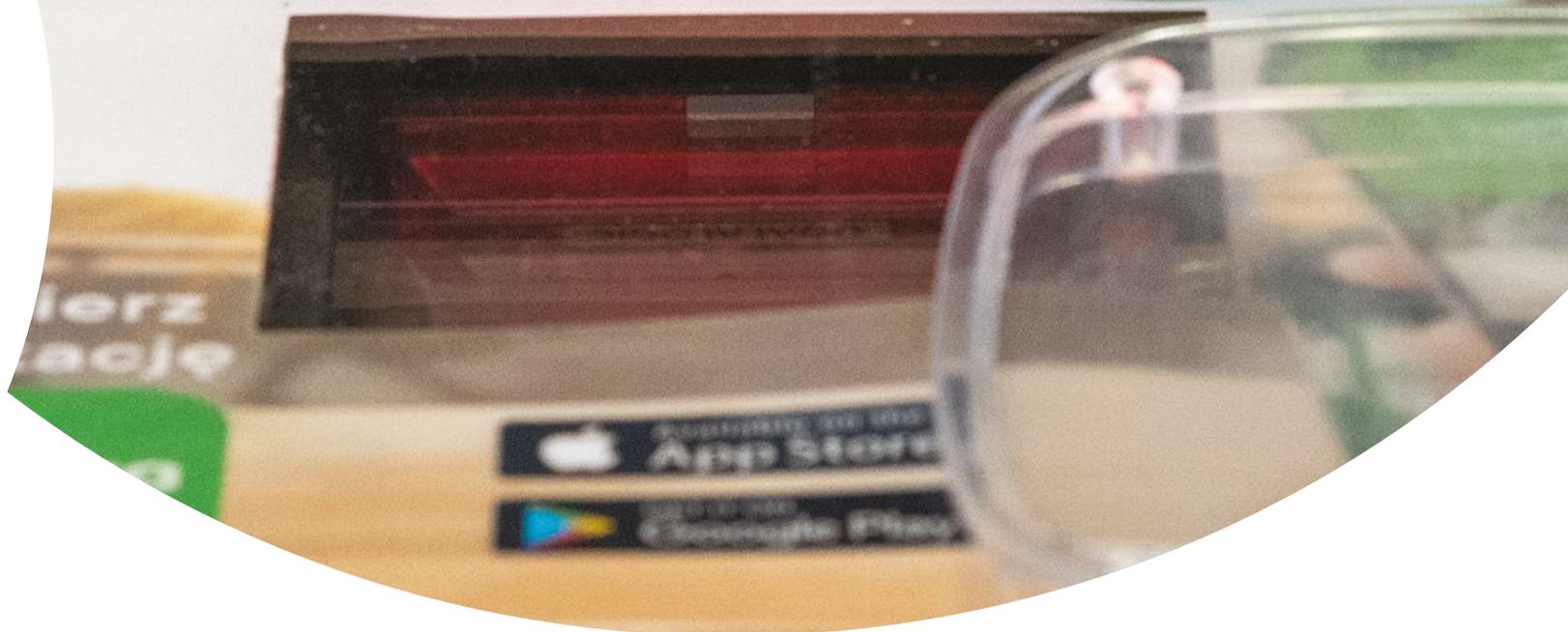
protect the environment. **Our activities have allowed us to achieve plastic neutrality in 2020 (in terms of materials and packaging introduced to the market by Żabka).**

We are not stopping there. **We want to expand our responsibility and reach, together with our business partners, plastic neutrality in terms of all products sold at Żabka stores - also those sourced from other producers.** In 2020, together with our customers and business partners, we collected 16% of all plastic packaging sold or materials used in stores - the result is by 6 percentage points higher than in 2019.

Nearby and responsibly - Žabka during the pandemic

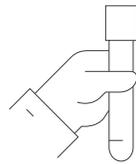


Twój dzień
bardziej happy



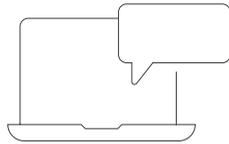
Key figures concerning our operations during the pandemic in 2020

Caring for the health and safety of our employees, we undertook, inter alia, the following activities:



20,000

antibody tests conducted among the personnel of our headquarters, Logistics Centers, cross-dock terminals and field workers



More than

30

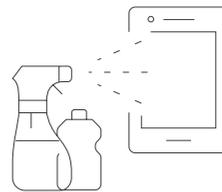
webinars supporting our employees during the period of isolation and remote work



Approx.

96%

of office employees being able to work remotely

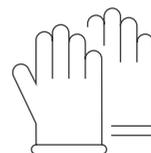


Regular disinfection and ozone-treatment of office spaces



Caring for the health and safety of our employees, franchisees and business partners we undertook, inter alia, the following activities:

Distribution of sanitary materials and personal protective equipment ensuring our products could be sold in a safe and secure manner, including:



128 million

plastic and latex gloves for franchisees, field staff and Logistics Centers' personnel



4.7 million

disposable face masks for franchisees, field staff and personnel of Logistics Centers

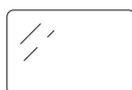
34.5 million

disposable face masks sold without profit margin



470 thousand

liters of liquids for sanitizing hands and surfaces



Plexiglas shields installed throughout the chain in the first weeks of the pandemic

27,000 face shields



100% of stores, Logistics Centers and cross-dock terminals covered by Health and Safety+ audits*

90% of stores subjected to the OSH+ audit received a positive score

* Occupational Health and Safety+ program designed by Żabka and the TÜV NORD certification agency. The audit was conducted in September 2020 - it did not cover stores opened after that date

Safety of our employees

Quick and agile reactions count the most

It took us only a couple of days to introduce **far-reaching changes adapting the organisation to operating under epidemiological threats and in accordance with applicable restrictions**. Thanks to the existing plans providing for operation and for protecting our key processes in a crisis (Business Continuity Plan), Żabka was able to operate efficiently and effectively during the pandemic and in the face of related challenges. The efficient response of the company to the epidemiological situation was coordinated by the Crisis Management Team, appointed in early March 2020. Nearly 50 meetings of this team, devoted to the challenges related to operating the chain in a new reality, were held. An Operations Team was also appointed to assist the Crisis Management Team. Its tasks consisted in recommending and implementing solutions aimed at protecting the health of our employees and ensuring operational safety.

We introduced changes to our working mode before the first case of COVID-19 in Poland. We did not wait and postpone the decision - the safety of employees and franchisees has always been a top priority for Żabka. The first decisions related to the coronavirus were made at Żabka as soon as in February, when **all business trips** were limited.

Posters related to COVID-19 prevention were placed at the Logistics Centers and terminals reminding our employees of the rules they needed to follow.



Ensuring continuity of our operations and safety along the entire value chain

Our Logistics Centers and terminals are the places where remote work is largely impossible. Regardless of the COVID-19 pandemic - in order to make it possible for our customers to do shopping and for our franchisees to run their stores, personnel of the logistics department had to report to work. In order to maximise their safety, we introduced new rules within in the first days of March 2020:

- we prohibited access to Logistics Centers and terminals to persons who were sick or suspected of being sick, as well as to all persons to whom obligatory hospitalization, quarantine, or epidemiological supervision applied, or to persons with fever, cough, or other symptoms that may be indicative of being infected with COVID-19, plus to persons who visited regions with an increased epidemiological risk,
- we significantly tightened the hygiene regime that was already in place:
 - We introduced body temperature measurements for employees entering our facilities,
 - We limited the number of persons using cloakrooms, canteens and conference rooms at the same time,
 - We separated, temporarily, the individual shifts and prohibited employees from specific shifts from mixing. We separated the lockers of employees working on the same shifts, to enable them to keep a safe distance between one another. Markings appeared on the floors that reminded our employees of the obligation to keep a distance of 1.5 meters.

- We limited the number of non-employees present on the premises of the Logistics Centers to the absolute minimum. This included the catering services as well, so our employees were provided with meals composed of own brands products,
- Mail and all documentation was subjected to quarantine and shipping documents were processed electronically or in accordance with strict sanitary regimes requiring the use of gloves and additional document sleeves,
- We modified cleaning and disinfection plans, placing an emphasis on repeated disinfection of surfaces that are frequently touched by employees, such as light switches, door handles, toilets, conference rooms, We equipped Logistics Centers and offices with disinfection stations,
- We equipped our employees with face shields, face masks and disposable gloves.



99

I tell my friends with pride about how our company is organised - we were the first to offer face masks without a profit margin, we gave our employees the opportunity to work remotely and performed COVID-19 screening tests. I am very thankful for this level of working comfort and the feeling of safety! Żabka has passed this exam with flying colours.

99



Anna Sobczyńska
Own Brand Strategy Projects Manager



On 13 March 2020, all our office staff were offered the possibility to work remotely - 90% of the team opted for such a solution. Our everyday duties were performed with the use of office software the staff was well familiar with. Disinfectants, protective masks and disposable gloves are still available in our offices.

The offices are regularly sanitized with ozone. Additionally, to guarantee the maximum level of safety to our employees, we introduced, inter alia:

- strict limitations concerning the organisation of internal meetings and business trips,
- remodeling of workstations to guarantee the distance of 1.5 m between them,
- temporary physical separation of employees in all office spaces, cloakrooms, coffee points and canteens,
- limitations concerning the use of lifts - only 2 persons at a time,
- one-way traffic rules in the canteen and in corridors,
- own brand meals were served due to the lack of catering services and limited operation of the canteen in the main office building,
- takeaway meals available from the canteen,
- restrictions concerning the number of persons in print rooms, at coffee points or in meeting rooms,
- additional technical solutions, such as ventilation with UVC lamps and plasma sanitizers for air purification,
- information for employees in meeting rooms, lifts, corridors and on the phone, presenting the rules that need to be followed in the office building.

Our relationships with employees are based on honest and ongoing communication. We distributed the first messages about the risk of infection in February. Since the outbreak of the epidemic in Poland, we have been distributing a special newsletter, virtually every day, among our staff.



Apart from preventive activities, we drew up detailed processes to be followed if an infected person is identified within our organisation. Such a person should be isolated, their close contacts should be established, and assistance should be offered in conducting PCR tests to eliminate further spreading of the disease within the organisation. A team of experts comprising representatives of the science community, epidemiologists and virologists helped us with preparing the procedures to be followed in such situations. In 2020, we performed over 3,000 molecular tests.

Being of the opinion that prevention and monitoring of symptomatic and non-symptomatic infections can help ensure the safety of our employees, screening points were established at all Żabka facilities in November, where employees could have an antibody test performed at least once a week. By the end of last year, we performed nearly 20,000 antibody tests among the Headquarters and warehouse staff. We offered our support to the families of our employees by providing them with access to antibody tests.

Not only the safety of employees, but also their health and mental condition

At Żabka, we quickly became aware that social isolation - albeit efficient in combating the virus - can leave a negative mark on the well-being and on the mental condition of our staff. Therefore, for the duration of the pandemic, we changed the operating mode of the Żabka Academy, transforming it into an online support center for our employees. **We offered our employees the opportunity to hold individual consultations with psychologists and prepared over 30 expert webinars concerning, among others, epidemiology, virology, mental and physical health, diet, motivation to work, work time organisation, etc.**, with the total number of their participants exceeding 8,000.

Fig. Joanna Heidtman, a webinar for employees



The webinars showed how to deal with stress and isolation. They also informed how to observe the applicable sanitary regimes. Experts answered questions concerning caring for one's own health during the pandemic and staying in good physical shape. They also talked about good nutrition, diet supplementation, and even exercised with us during an online workout.

We also offered assistance to our employees who are parents. Being aware that working at home with kids is twice as difficult, we launched a unique online project - Żabka Play. The project was created for the children of



employees, associates, and franchisees of Żabka. Numerous trivia questions about the world around us, recommendations concerning games, books and films, as well as theatrical plays, musical workshops, or hints on how to singlehandedly make various graphic works may be found on the website. All that allowed children to learn some interesting historical facts, visit one of the Polish castles online and create their own cardboard armour, crown or guardhouse. Thanks to the information prepared by our partner - Centralny Dom Technologii - children can also learn how the Internet works. The website is updated with new content and video materials on a regular basis.

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If someone organised a competition titled "a company in the time of COVID", Żabka would definitely win it. I am glad that the company I work for provides me and other employees with the feeling of safety and care, which is so important these days. I know that we won't stop there and I am proud that I work here.

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Anna Kokocińska
Senior Category Manager

Safe shopping

Safe shopping conditions for over 12 million customers

At Żabka, we did everything possible to make sure customers shopping at our stores in 2020 felt safe. The solutions we implemented are based on the recommendations of the Ministry of Health, Chief Sanitary Inspectorate, World Health Organisation and consultations with experts in the field of virology. We limited the number of persons that can be present at our stores at a time, provided access to disposable gloves, installed automatic sanitizer dispensers, separated shop assistants from customers with plexiglas screens and provided floor markings allowing customers to keep a safe distance while queueing. We made sure our stores were disinfected on a frequent and regular basis, and deliveries of products originating countries with an increased risk of COVID-19 were subjected to ozone treatment. Quite obviously, we also respected all recommendations related to covering noses and mouths - both by customers and by store personnel.

The fact that we were able to operate efficiently during the initial stages of the pandemic stemmed from the immediate reaction to events in Poland and globally, as well as from the ability to flexibly adapt the organisation to changes in its environment. For example, **within only a couple of days we implemented the idea of one of our franchisees to install shields over counters in Żabka stores in Poland.** We started to act right after the first information about cases of COVID-19 in Poland. We immediately handed over - and keep doing so until now - items allowing to protect the health and safety of our employees and customers to all stores across the country. Such items included, inter alia, the following:

- over **128 million plastic and latex gloves**,
- over **27,000 face shields** to be worn by persons having contact with customers,
- over **470,000 liters of liquid hand and surface sanitizers**,
- **4.7 million disposable face masks** for franchisees, field staff and personnel of Logistics Centers.



Immediately after the outbreak of the pandemic, each franchisee received, once per week, a financial subsidy (as part of account balancing processes) to adapt the store to the new requirements.



Fig. Employees and a franchisee during the first certification of the Health and Safety+ program



Health and safety - not only in our stores

Caring for our customers, employees, subcontractors, and franchisees, we were the first in Poland to introduce **the Health and Safety + program** designed in cooperation with an independent accredited certifying agency - TÜV NORD. This proves success is based on the quality and credibility of solutions used. The activities executed under the program aimed at **enhancing hygienic safety standards** and boosting trust in our organisation. The program covered all elements of the supply chain, from production of own brand products, to warehousing and distribution, to sale at our stores. **In 2020, audits were performed in all stores, Logistics Centers and terminals**, as well as at selected suppliers of own brand products whom we additionally supported by offering guidelines and good practices they could implement in response to the pandemic related situation. The positive results of the audits we performed stem primarily from the work of all franchisees, operational staff, personnel of Logistics Centers and Headquarters, as well as business partners (suppliers), proving the high level of their awareness and engagement in the area of health and safety.

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Coronavirus was a surprise for all of us. In fact, nobody had been prepared for it. It was important for me from the beginning that the chain constantly communicated information to us about the current situation and about the obligations imposed by the authorities. This allowed us to ensure a good level of safety at the stores, with all applicable recommendations observed. From the point of view of customers, the activities we undertook in the first year of the pandemic, such as the sale of packed bread that ensured that nobody had touched it before, were very important. Visitors to my store also valued the ability to purchase packed frozen meat and to pay by card for Lotto bets - a solution that was introduced during the pandemic as well.

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Paweł Korębski
Żabka Franchisee from Lublin

Ongoing changes introduced in response to customer needs

COVID-19 has increased customers' demands concerning the ability to shop in a convenient and safe manner from home, while having the option of the products being delivered or picked up at the store. Żabka had been working on such a system for some time - the pandemic only accelerated the implementation of solutions that allow our customers to shop without the need to select products at a physical store. We started to disinfect our stores thoroughly and regularly at the very beginning of the pandemic. **The "Click and Collect" service provides customers with an opportunity to order products via the Żappka app and pick them up at the store.** We began testing the solution in 20 selected stores in Warsaw as soon as April. It was received very well, hence we gradually expanded the coverage of the service to include an increasing number of stores. **In December, online shopping was an option offered by all stores within our chain.** It is possible to order foodstuffs available on the shelves, as well as Żabka Cafe beverages and meals. Our customers are also able to order products online, and take their delivery at home.

In order to best respond to special customer needs, we also modified our product offering. Apart from face masks, disinfectants, and disposable latex gloves available at Żabka stores during the pandemic, the following were also introduced:

- A broad selection of various types of flour, groats, noodles, tinned vegetables - items that customers had previously bought in supermarkets became available in their nearby Żabka store,
- Frozen bread to be baked at home,
- Frozen meat,
- Hamburgers packed in special paper, ready to be placed in a microwave for heating up at home,
- All Żabka Cafe products as a takeaway option.

We also encourage all customers to pay with banking cards. Payments for Lotto bets and lotteries may also be made with banking cards. To ensure the comfort and safety of all

our patrons, we introduced a self-service option - the new position of the price scanner allows the customer to scan product barcodes and Żappka app codes and to pay for their purchases using a credit card terminal. Additionally, Żappka app users were given the opportunity to make contactless payments for their purchases directly through the app, thanks to the new Żappka Pay functionality. To enhance the level of safety, we modified the organisation of services related to picking up parcels and introduced a system that allows making contactless payments. In order to pick up a parcel, the customer only needs to provide the cashier with a code received by a text message.

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During the epidemic, our mission has gained a completely new meaning. We did everything possible to simplify the operations of our most important stakeholders. Owing to previously established procedures, we knew how to react. Our strategy for the pandemic, based on responsibility, efficiency, and open communication, turned out to work well. Although we are aware that we are still facing many challenges, we have a feeling of a job well done, and that is confirmed by our satisfaction surveys. We have also proved that we can count on one another in difficult times. Therefore, immense credit goes to all those who contributed to the safe operation of our stores, warehouses and offices - to our franchisees, employees and our customers.

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Joanna Kasowska
Head of Crisis Management Team
Quality and Environmental
Management Director

Apart from activities ensuring safety, we conducted numerous campaigns aimed at supporting the community in the battle against the pandemic. We based our efforts on the social engagement plan that was presented in detail in chapter 2. For more information about Żabka's response to the pandemic please see the special attachment summarizing the chain's activities during the first wave of the pandemic.

<https://www.zabka.pl/raport-covid-19-2020-pl>

aski



Bezpiecznie i wygodnie

PAKUJEMY NA WYDOS

CIEPŁE PRZEKĄSKI



PRZYGOTOWYWANE
W WYSOKIEJ
TEMPERATURZE



TERMICZNE
OBKOWANIE



PRACUJEMY
W RĘKAWICZKACH



DEZYNFEKOWANE
REGULARNIE

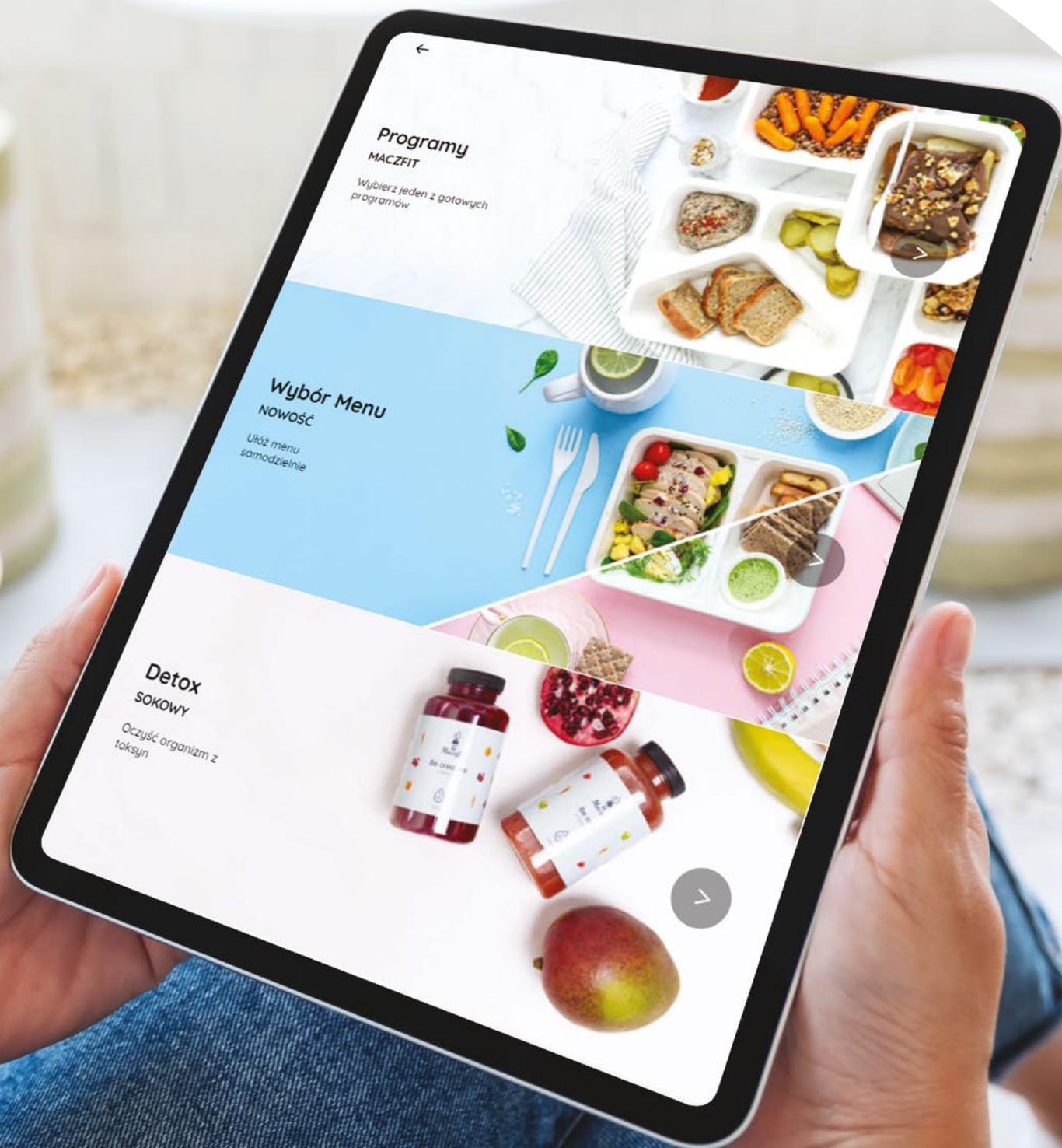


Oferta obowiązuje od 06.04.2020 do 22.05.2020 r.

TYLKO NA WYDOS

Looking into the future





Green and sustainable living for everyone, every day

The small steps we take today are the manifestation of our responsibility for a better tomorrow

We promote creating value over the long term, in an economically, socially and environmentally sustainable manner. In order to be able to live up to these ambitions, this year we are implementing a comprehensive Responsibility Strategy at Žabka. It is integrated with our business strategy as well, is based on Žabka's values and has our mission at its very core.



1. Sustainable lifestyle

We offer more sustainable and conscious choices to make it easier for our customers to change their habits for better - for them and the Green Planet.

Strategic areas

- 1.1 Good nutrition
- 1.2 Food waste prevention
- 1.3 Services for sustainable lifestyle

Offering the ability to make responsible choices while doing everyday shopping is our priority. Customers are at the heart of all our activities, we attach a great emphasis to their convenience, safety, trust and satisfaction. We want to facilitate the process of changing the customers' everyday habits to ensure that those habits are better for themselves and for the planet, making sustainable choices obvious.



2. Mindful business impact

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

Strategic areas

- 2.1 Fostering entrepreneurship
- 2.2 Partnerships for positive change
- 2.3 Communities activation

We want to provide our franchisees with access to the best offer on the market allowing them to expand their businesses. We also wish to positively impact and changes of our immediate surroundings. We accumulate not only the financial, but also human, intellectual, and social capital, in order to build values for all our stakeholders, especially customers, franchisees, employees and shareholders.





RESPONSIBILITY	OPENNESS	CREDIBILITY	AMBITION
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3. Responsible organisation

We shape purpose-led trusted organisation of empowered people committed to sustainable value creation.

Strategic areas

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

Responsibility requires the introduction of an appropriate ecosystem allowing us to implement our mission and vision. None of that would be possible without people - employees, business partners and franchisees. Our strategic activities are related to and engage our stakeholders. We want to be a reliable organisation made up of persons involved in creating the value of our company in a sustainable manner.



4. Green planet

We minimise our environmental impact across the whole value chain to protect Green Planet.

Strategic areas

- 4.1 Decarbonisation
- 4.2 Circularity

We aim high - Żabka is green by nature and our ambition is to set example for others to follow. Therefore, responsibility for the environment is a key element of all our strategic actions, not only those directly related to our care for the planet.





Commitments and objectives

1. Sustainable lifestyle



1.1. Good nutrition

We will double the sale of own brand food products that promote a healthy and sustainable lifestyle (measured by sales value, in millions of PLN)



- We will mark 100% of ready-to-eat or ready-to-heat own brand products with a Nutri-Score food label (or its equivalent) by 2023
- 50% of ready-to-eat or ready-to-heat own brand products with a Nutri-Score food label (or its equivalent) of A or B by 2023
- We will reduce average salt content in our own brand food products by 10% by 2023 (2020 baseline: 1/100g)
- We will reduce average content of sugar in our own brand food products by 10% by 2023 (2020 baseline: 6/100g)
- We will increase the share of own brand food products without preservatives in the overall sales volume to 75% by 2023 (2020 baseline: 69%)
- We will increase the share of own brand plant-based products in the overall sales volume to 20% by 2023 (2020 baseline: 16%)
- We will increase the share of own brand food products that promote a healthy and sustainable lifestyle in the overall sales volume to 35% by 2023 (2020 baseline: 30%)

1.2. Food waste prevention

We will reduce the weight of food waste in our own operations and stores by 25% compared to the base year 2020 and ultimately, we will reduce it by half after 2025



- We will reduce the weight of food waste by 25% as a percentage of the weight of food purchased in our own operations by 2023 (baseline 2020: 0.11%)
- We will reduce the weight of food waste by 44% as a percentage of the weight of food purchased by franchisees for stores by 2023 (baseline 2020: 0.9%)

1.3. Services for sustainable lifestyle

We will be increasing the level of our customers' satisfaction by 2 points each year (NPS score), making sure that Żabka becomes their first choice



- We will increase the number of users of our applications (including the Żabka application) to 5 million in 2021 (base value 2020: 3.8 million)
- Each year, until 2023 we will be introducing 5 new services and improvements supporting a sustainable lifestyle (2020 baseline: 15)

2. Mindful business impact



2.1. Fostering entrepreneurship

We will raise the level of our franchisees' satisfaction with cooperation with Żabka, measured with the use of the NPS Score, by 15, ensuring that Żabka is considered the best franchise model in Poland



We will increase the percentage of franchisees cooperating with Żabka for at least 36 months to 70%



- We will reduce voluntary churn rate to no more than 5% by 2023 (2020 baseline: 5.8%)
- We will engage future entrepreneurs, including franchisees, in entrepreneurial competence and skills enhancing programs
- The share of new business partners (including franchisees) who have started their first business in collaboration with the Żabka Group will remain over 70% by 2023 (2020 baseline: 71.5%)

2.2. Partnerships for positive change

We will be the best partner supporting innovative and responsible initiatives and solutions



- We will increase our involvement in partnerships and will boost our investment for positive change
- We will create a platform offering financial and non-financial support to entities creating innovative solutions, also in the area of sustainable growth
- We will improve the level of our supplier's satisfaction with their cooperation with Żabka by 2023, ensuring they indicate Żabka as their first choice in the suppliers NFS study (baseline 2020: 2)

2.3. Communities activation

We will engage our employees and business partners*, in 50,000 interactions per year, in activities promoting sustainable growth



- * including: franchisees and their employees
- We will increase the share of our regular customers who perceive Żabka as a valuable member of their local community to 50% by 2023 (2020 baseline: 41%)
- Our employees will spend at least 1,000 hours on volunteering by 2023
- We will increase the engagement of franchisees in local community oriented initiatives

3. Responsible organisation



3.1. Diversity and inclusion

We will increase the engagement of Żabka employees to find our way to the top 25% of employers, according to the Gallup Institute study

We will increase the level of our employees' satisfaction, measured with the use of the eNPS score, to above 65

- By 2023, each employee will be undergoing at least 23 hours of training each year (2020 baseline: 20)
- We will reduce, by 2023, and will then maintain the staff turnover ratio of not more than 10% (2020 baseline: 11.8%)
- We will obtain, by 2023, and will maintain afterwards the EQUAL-SALARY certificate
- We will maintain Żabka's position of an employer devoted to equal opportunities - with our employee survey result of at least 8 points (2021 baseline: 8.1 out of 10, according to employees)
- We will maintain Żabka's position of an employer who is open to diversity and who offers an inclusive organisation - with our employee survey result of at least 8 points (2021 baseline: 8.7 out of 10, according to employees)

3.2. Governance and responsible management

We will train 100% employees on business ethics principles and obtain their acknowledgment, we will enhance a working culture based on those principles

We will familiarize 100% of our business partners with the Code of Conduct and will ensure they have confirmed that in writing, we will build our cooperation based on the Code of Conduct

We will take ESG indicators into account while making all our key decision and investments

- We ensure 100% compliance of our internal policies with the laws and regulations corresponding with ESG by 2023
- Until 2023, we will increase the number of Management Board meetings dedicated to discussing ESG issues to at least 12 per year (2020 baseline: 11)
- We will train 100% of employees, each year, in the field of cybersecurity by 2023 (2020 baseline: 18%)
- We will define ESG criteria for our suppliers by 2023

3.3. Transparency and validation

We will be reporting externally in accordance with the best practices, taking into account international standards

- The Żabka Group will publish an integrated report, from 2022 onwards, in accordance with the guidelines of the International Integrated Reporting Council (IIRC)
- We will continue the EcoVadis certification process initiated in 2020
- We will improve our transparency by regular external verification of selected ESG aspects and by subjecting ourselves to selected ESG reviews from 2021 onwards

4. Green planet



4.1. Decarbonisation

We will become climate-neutral (in terms of greenhouse gas emissions related to scopes 1 and 2)

We will limit the greenhouse gas emissions intensity of scope 3 (in accordance with Science-Based Targets)

- We will join SBTi and will publish our decarbonisation objectives by 2021
- We will reduce electricity consumption intensity by 5% (MWh/PLN1m) by 2023 (2020 baseline: 37.7 MWh/PLN1m in sales revenue)
- We will reduce total greenhouse gas emissions by 10% at minimum (scope 1 and 2) by 2023 (2020 baseline: 24,146 tonnes CO₂e)
- All our offices and logistics centers will be powered by Renewable Energy Sources (scope 2) by 2023 (2020 baseline: 2.4%)
- We will involve key suppliers in joint efforts for decarbonisation of the supply chain
- We will reduce greenhouse gas emissions intensity (scopes 1 and 2) (t CO₂/PLN1m) in line with SBTi goals (2020 baseline: 2.4 t CO₂e/PLN1m in sales revenue)
- We will reduce greenhouse gas emissions intensity (scope 3) (t CO₂/ PLN1m) in line with SBTi goals (2020 baseline: 241.3 t CO₂e/ PLN1m in sales revenue)

4.2. Circularity

We will become plastic-neutral (by recovering and recycling 100% of plastic introduced to the market by Żabka) after

- 100% of packaging materials of own brand products will be recyclable or will be made from recycled materials by 2025 (2020 baseline: 96% of recyclable materials used in own brand products)
- We will involve main suppliers in activities aiming to reduce the amount of "virgin" plastic introduced to the market
- We will increase the level of recyclable recovery packaging including glass, aluminium and paper

objectives achieved on a continuous basis
 objectives to be achieved by 2025
 objectives to be achieved after 2025



TREND #1

Towards neutrality

TREND #2

Striving to achieve circularity

TREND #3

Always on the move

TREND #4

Healthy balance

TREND #5

Digital life

TREND #6

Openness and diversity

TREND #7

Trust is what counts most

We are functioning in times of constant change and, hence, uncertainty that affects the planet, the society and the manner in which we are doing business. The pandemic - not an event independent of other developments - may herald subsequent events of this type to be expected in the future. **There comes a time when climate change and global socio-economic problems will exert a tangible impact on our everyday lives** and on the manner in which businesses operate.

The changes taking place increase the level of consumers' awareness who start making more responsible choices on a daily basis, driven not only by their own needs, but also by such values as responsibility for others and for the environment we live in. Organisations that quickly and decisively respond to the changing reality gain more appreciation and loyalty among customers. **Today, environmental issues and social responsibility cease to be an element of image creation and become a basis for thinking of how to create financial and non-financial value.**



The pandemic has triggered the change of working conditions. The new reality of strict sanitary regimes and remote work

requires a responsible approach, both on the part of the employer, and on the part of the employee. Employees expect not only fair cooperation from companies, but also understanding and support in this difficult time for them and their families. Organisation of remote work and education of several family members, as well as concerns about one's own health and about the health of your loved ones become a source of problems of not only a logistic, but also mental nature. A responsible employer should take such problems into consideration. **A huge change in our working habits is not a one-off event, but a test for every organisation allowing us to be ready for the approaching, uncertain future.**



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The role of a modern organisation is not only to respond to the changing market and consumer demands, but primarily to actively shape trends ensuring that we will be able to operate in a sustainable manner in the future. A good understanding of the aspirations and values that matter to our customers and employees, and the key changes affecting the environment we live in, as well as responding to them by harnessing our innovative potential are the key aspects of such an approach. In terms of their declarations, people eagerly support responsible actions, such as reduction of the amount of plastic used, reduction of meat consumption or minimisation of carbon dioxide emissions. In order for these declarations to be reflected by permanently changed behaviors, people require support offered by enterprises in the form of practical solutions that are suitable in their everyday lives.

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Jan Kisielewski
Head of Foresight

Identification of trends is a strategic activity for us. We want to ensure our organisation is immune to and capable of foreseeing and responding to challenges we will face in the future. Such an approach will allow us to identify long-term solutions for our stakeholders. Therefore, we were one of the first companies in Poland to include the positions of the Head of Foresight in our organisational structure.

Wishing to facilitate human lives even more and to ensure long-term sustainable growth of our company, we perform in-depth analyses of the trends we face. Below is an overview of the most significant megatrends that impact our ambitions and actions, in particular taking into account the aspect of responsibility.

TREND #1

Towards neutrality

Context

Climate change affects the way we live here and now. Climate changes taking place in Poland include, inter alia, an increase in average yearly temperatures, a change in precipitation levels, and an increase in the frequency of extreme weather phenomena. According to the IPCC report, temperatures on Earth will continue to increase, rising by as much as 1.5 degrees Celsius until 2030. This will restrict access to water, causing extensive droughts, fires and other unpredictable atmospheric phenomena and making our everyday lives more difficult.

However, the impact of social activism is on the rise. The level of consumers' awareness is growing, as they demand environmentally sustainable products that are good for them and for the planet. **78% Poles believe the Earth's condition is serious and requires immediate action.**³³ Demanding tangible actions undertaken by entrepreneurs - as many as 83% Poles declare companies should do more to solve the problem of climate change.³⁴ Climate change may impact our activity and the safety of our supply chain. It may also cause an increase in energy prices, affecting the condition of the entire economy.

Opportunities

Reduction of greenhouse gas emissions not only minimizes environmental hazards, but may also contribute to reduced operating costs, inter alia by increasing energy efficiency and, consequently, reducing the cost of purchasing energy. Companies that are effective in decreasing their carbon footprint are more trustworthy in the eyes of customers who are more loyal to them.

Our strategic response

Responsibility towards the Green Planet is one of the pillars of our strategy. **We have set a goal that is consistent with the Paris Agreement - to achieve climate neutrality (related to scope 1 and 2) by 2025.** Additionally, as the first company from the commerce sector in Central and Eastern Europe, we joined the Science Based Targets initiative to limit emissions along the entire value chain.



Read more about the activities we undertake in support of the Green Planet in Chapter 4.

³³ Kantar, UNGC, <https://ziemianieatakuja.pl/>

³⁴ Havas, <https://raporty-meaningful.pl/>

Fig.
E-Crafter van purchase
from and tested in
cooperation with
Volkswagen Polska



TREND #2

Striving to achieve circularity

Context

We observe dynamic global changes that point to the need of more sustainable management of natural resources. **The linear consumption model has failed. Therefore, more and more companies become aware of the need to replace their operational model with the circular approach** guaranteeing the materials may be reused many times. The plastics strategy of the European Commission provides all packaging on the EU market should be reusable or recyclable by 2030. This shows the business sector in which direction to go when modifying and adjusting business models to the requirements of circular economy. The EU strategy is to be accompanied by an ecosystem of incentives and support mechanisms motivating business entities to transform. One may expect these activities will considerably accelerate the adoption of recycled raw materials in the industry. The regulatory requirements are additionally supported by consumer **activism and the desire, expressed in particular by the societies of developed countries, to pursue sustainable lifestyles**, where individual shopping decisions do not contribute to exhausting the planet's natural resources.

Opportunities

Development of the circular economy (restricting the use of natural resources and aiming to limit the amount of waste generated) and innovative solutions created in partnerships are capable of contributing to the emergence of new market opportunities. **A proactive approach to meeting regulatory requirements and to satisfying the needs of social activists is an opportunity to create progressive partnerships aiming to jointly implement closed-circuit solutions** that are highly beneficial for all parties involved.

Our strategic response

We take responsibility for plastics we introduce to the market. **We undertake that all packaging of our own brand products will be made of recycled materials or will be recyclable by 2025**, thus striving to achieve full circularity of the flow of plastic within our operations and stepping ahead of the applicable regulations. Our strategy does not restrict us to closing the plastic circuit - we support the development of a circular economy in connection with glass and aluminium packaging as well. Eco-design guidelines will serve as a basic tool defining all our future activities.

[Read more about the activities we undertake in support of the Green Planet in Chapter 4.](#)



Fig.
Own brand juices
offered under the
Wycisk brand



Fig.
Paper bread
packaging made
solely of paper,
used in a Żabka
store

TREND #3

Always on the move

Context

People are busier and have less time. 2020 and 2021 were also marked by extraordinary sanitary restrictions resulting from the COVID-19 pandemic. The problem of the lack of time is widespread - according to OECD, Poles are one of the busiest nations in the world.³⁵

The number of products and services we need for ourselves and for our families increases proportionally to our wealth. We need practical solutions helping us consolidate services one place, and also to select products and to replace semi-finished food products with ready-to-eat solutions.



Opportunities

All services in one place - nearby, quick and at any time - a convenience store as a location that makes it easier to manage your everyday errands. This format offers a response to the need of convenient solutions that consumers seek in all aspects of their lives. It also addresses the need of freeing up more spare time.

Our strategic response

We create an ecosystem of solutions available at one location. This ecosystem is highly convenient and integrates the diverse needs of our customers. **Our strategy provides for continued development of products supporting the modern lifestyle (including Quick Meal Solutions - quick, healthy, ready-to-eat meals) and the development of services reflecting the needs of our customers who want to do run various errands at one place, close to their place of residence or work (e.g. post office, cafe), or online, using mobile devices.** Additionally in 2021, the Maczfit company joined the Żabka Group. It offers professional dietary catering - quality meals curated by experienced diet experts and chefs, allowing consumers to enjoy a sustainable and convenient lifestyle.

[Read more about the activities we undertake in support of Sustainable lifestyle in Chapter 1.](#)

³⁵ OECD, <https://data.oecd.org/emp/hours-worked.htm>

TREND #4

Healthy balance

Context

The fact greater emphasis is placed by consumers on their health, immunity, as well as on their mental and emotional well-being is one of the most significant changes in consumer behavior. An ever greater emphasis is placed on nutrition, increasing the level of food-related awareness and meaning customers expect products offering good taste, high level of convenience and serious nutritional benefits. A study by MCG Gurus shows **80% of consumers worldwide plan to eat and drink in a more healthy manner in 2021, and 57% of European consumers regularly investigate various ways to improve their health.**³⁶ The trend is also indicative of increased interest in plant-based products. The importance of this group of consumers will increase significantly in the future, and the food market - undergoing an in-depth transformation - tends to recognize these trends.



Opportunities

The growing awareness of the importance of good nutrition brings about **opportunities for developing new product lines tailored to the needs of an ever larger group of recipients.** Reformulation of the products offered addresses the need for limiting the use of harmful ingredients. Healthier alternatives, e.g. meatless, low-calory, low-fat or low-salt products become more popular, while still maintaining their attractive taste.

Our strategic response

Through its strategy, Żabka reacts to the growing need for healthier food, offering an ever broader range of healthier snacks, balanced ready-to-eat meals, diet solutions, and undertaking activities aiming to enhance the nutritional value of own brand products, such as Foodini or Wycisk. **Żabka broadens also the selection of plant-based substitutes of meat, thus providing customers with access to healthy and balanced diets.** All foodstuffs supporting healthy and active lifestyles are always introduced by Żabka in a convenient form, which makes them a unique solution offered on the market.

[Read more about the activities we undertake in support of Sustainable lifestyle in Chapter 1.](#)

³⁶ FMCG Gurus, <https://fmcggurus.com/covid-19/>

TREND #5

Digital life

Context

Digital solutions are present in nearly every aspect of our lives. It is getting harder to set a clear border between the real world and digital ecosystems. People have grown accustomed to certain standards and start expecting them to be introduced in all spheres of life. In the retail sector, consumers more frequently expect the same shopping experience regardless of the channel they use. They also expect a broad online offering and rapid deliveries offline. **The contemporary consumer is a smart shopper - valuing time and knowing what they want.** Therefore, personalized communication is the very foundation of customer relations. Consumers want to be up to date all the time. They also want to receive concise and precise messages that are not similar to mass scale mailing campaigns. Together with the development of profiled communication solutions, the role of artificial intelligence (AI) is increasing as well. Therefore, the so called zero-click commerce (delivery of items that the consumers want and need, before they have the opportunity to order them) may be gaining in popularity in the future. By analyzing the behavioral trends of customers, a seller will be able to foresee what sort of products the customer is going to need again.

Read more about the activities we undertake in support of Sustainable lifestyle and to make a positive impact on the external world in Chapters [1](#) and [2](#).

Opportunities

Creating an attachment between a brand and diverse groups of customers and building their loyalty via good availability and maximized shopping convenience. **Ensuring the same shopping experience regardless of the channel used, a coherent ecosystem combining various shopping formats with different products and services.** Ability to communicate in a personalized manner, in order to reach the customer more effectively and to address their needs by offering promotional campaigns and by showcasing products that are worthy of the customer's attention. This is only a short list of business opportunities created by the application of digital solutions and new technologies in commerce.

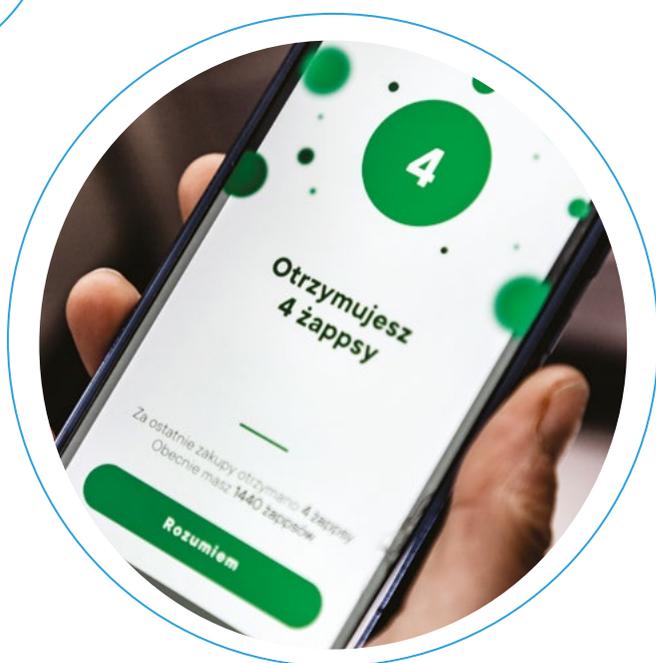
Digitization makes it also easier for franchisees to run their stores (e.g. electronic price tags, CyberStore) and automates the related processes (e.g. those of logistic nature). Increasing the operational efficiency of the company and of the stores by the implementation of digital solutions is the greatest opportunity that should be taken advantage of.

Our strategic response

As part of our strategy, we work on numerous solutions that will influence the ease and speed of shopping. **We already have an e-commerce platform at our disposal, allowing us to render the Click and Collect service and we are testing an online shopping service with a home delivery option.** Additionally, we continuously develop digital platforms (apps) that help us swiftly communicate with customers and franchisees.

Our modern app, used by 4 million Poles, offers the opportunity to combine the process of purchasing a product with taking advantage of specific services, e.g. those of financial character. Thanks to the development of autonomous stores, the border between physical and digital worlds will no longer be of great importance. A multichannel ecosystem will serve a single purpose only - it will continue to facilitate the everyday lives of our users.

Digitization of the society is a significant aspect of our strategy. **Therefore, we have adapted our organisational structure to the changing expectations by establishing Żabka Future** - an entity responsible for sourcing, creating, and developing businesses opportunities, as well as for ensuring that technological and system based tools are available to satisfy our future needs.



TREND #6

Openness and diversity

Context

Innovations and innovative solutions are targeted for an ever more diverse customer base. In such an environment, business arguments favoring diversity and preventing technological exclusion have never sounded more convincing. Companies that are capable of utilizing the potential of diversity and know how to create an open organisational structure will continue to develop their business and will expand their catalogue of competitive advantages.

Opportunities

Creating a well integrated community of employees and business partners, offering a chance to incubate the best and most innovative solutions and providing everyone with the opportunity to develop.

Our strategic response

Within the Żabka Group, we create a culture of equal opportunities, offering the feeling of belonging and providing everyone with the ability to develop. **We know that diversity is an advantage. Therefore, we connect people with different personal traits, different competences and different backgrounds. On the other hand, we continuously analyze and expand our knowledge about key social, environmental, and technological changes,** using that know how to create long term forecasts.



Fig.
Sales Region
Directors:
Małgorzata Jasionowska,
Anna Sasin,
Agnieszka Leszczynska

[Read more about the activities we undertake in response to the open and diverse culture trend in Chapter 3.](#)

TREND #7

Trust is what counts most

Context

Social engagement is one criteria based on which consumers select their brands. This is confirmed by **57% of survey participants who stated that brand trust is important for them while making shopping decisions.**³⁷ The number of consumers declaring readiness to provide financial support to organisations they consider to be useful is growing as well.

Opportunities

Brands built on the basis of values have a chance of winning trust and building loyalty among customers who will be shopping more eagerly and frequently, and among employees and business partners who will be more motivated to help grow the company.



Fig. Zabka cashier with materials promoting the "A mask does not change the age. We sell alcohol responsibly" campaign.

Our strategic response

Our strategy is based on four values of the Żabka Group that serve as the foundation of all our activities and decisions. Additionally, we focus on increasing the level of transparency of our operations to build an effective dialog with our stakeholders.

The four key values that impact all operational areas of the organisation are: **responsibility, openness, credibility and ambition.** These values determine our approach to our employees, franchisees and customers. We set the bar high while creating new products and services, while responsibility for the quality we provide to our customers is our top priority. Thanks to our ambition and openness, we are not afraid of introducing bold and innovative solutions - even if they are ahead of popular demand. We do this in order to create trends, instead of only responding to them. We work on solutions that not only support our business mission and create non-financial value, but also educate the society and change the market.

Read more about the activities we undertake to make a positive impact on our surroundings and in response to the open and diverse culture trend in Chapters 2 and 3.

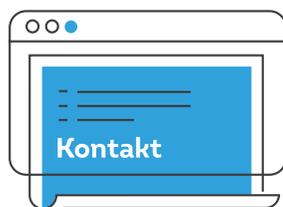
³⁷ KPMG, <https://assets.kpmg/content/dam/kpmg/pl/pdf/2020/09/pl-Raport-KPMG-Nowa-rzeczywistosc-konsument-w-dobie-COVID-19.pdf>

About the report

GRI
[102-53]

The Responsibility Report has been drawn up in line with the international non-financial reporting GRI standard, in its CORE version. It is also based on the UN Sustainable Development Goals,³⁸ 10 United Nations Global Compact Principles³⁹ and recommendations included in the publication of the World Economic Forum titled "Measuring Stakeholder Capitalism: Towards Common Metrics and Consistent Reporting of Sustainable Value Creation."⁴⁰ Detailed information concerning the report is available on [page 100](#) and [102](#). A full list of GRI indices the publication refers to is presented below, along with the location of their disclosure and with information on compliance with previously listed documents.

The report has been drawn up with the participation of a large number of teams and employees working in the organisation.



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³⁸ UN, <https://www.un.org.pl/agenda-2030-rezolucja>

³⁹ UNGC, <https://ungc.org.pl/o-nas/obszary-dzialan/>

⁴⁰ WEF, <https://www.weforum.org/reports/measuring-stakeholder-capitalism-towards-common-metrics-and-consistent-reporting-of-sustainable-value-creation>



Independent limited assurance report



To Management Board of Żabka Polska Sp. z o. o.

Scope of performed work

We have been engaged to perform limited assurance engagement in relation to selected non-financial information presented in the "2020 Responsibility Report by Żabka Polska" (Żabka Polska Sp. z o.o., the "Company"), (the "Report") prepared based on GRI Guidance issued by Global Reporting Initiative.

Other than as described in the below paragraph, which sets out the scope of our engagement, we did not perform any assurance procedures with respect to the remaining information included in the Report, and accordingly, we do not express any conclusion on the Report taken as a whole.

The following information (indicators) were subject to our verification: GRI 102-1, GRI 102-2, GRI 102-3, GRI 102-4, GRI 102-5, GRI 102-6, GRI 102-7, GRI 102-8, GRI 102-9, GRI 102-10, GRI 102-11, GRI 102-12, GRI 102-13, GRI 102-14, GRI 102-15, GRI 102-16, GRI 102-17, GRI 102-18, GRI 102-41, GRI 102-47, GRI 102-50, GRI 102-51, GRI 102-52, GRI 102-54, GRI 102-55, GRI 103-1, GRI 103-2, GRI 103-3, GRI 203-1, GRI 204-1, GRI 301-2, GRI 301-3, GRI 302-1, GRI 302-2, GRI 302-3, GRI 302-4, GRI 305-1, GRI 305-2, GRI 305-3, GRI 306-2, GRI 401-2, GRI 404-1, GRI 404-2, GRI 404-3, GRI 405-1, GRI 406-1, GRI 416-1, GRI 417-1, GRI 418-1, GRI 419-1, G4-FP1.

Management's responsibilities

The Company's Management is responsible for preparation and presentation of the Report, as well as, for the reliability and fairness of the information included in the Report. This responsibility includes establishing and maintaining internal control system required for the process of reporting in accordance with GRI Guidance.

Our responsibility

Our responsibility is to express a limited assurance conclusion, based on our procedures performed, on selected and listed above non-financial information (indicators) subject to assurance and presented in the Report.

We conducted our engagement in accordance with the National Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ("NSAE 3000") in the version of International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ("ISAE 3000 revised"). This standard requires us to act in-line with ethical requirements and to plan and perform our engagement to obtain limited assurance about whether, the subject matter in all material respects does not contain material misstatements.

Our assurance report is intended solely for use of the Company's Management, based on engagement letter with the Company. We do not accept any form of responsibility towards any other parties than the Company.

Our Independence and Quality Control

We apply International Standard on Quality Control 1 (ISQC 1) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We maintain our independence and other ethical requirements of the International code of ethics for professional accountants issued by International Ethics Standards Board for Accountants (IESBA), adopted by the National Council of Statutory Auditors, which sets key rules of fairness, objectivity, professional competences, due care and confidentiality and professional conduct.

Description of procedures performed

Procedures performed by us in relation to selected information presented in the Report included:

- identification and analysis of selected data presented in the Report;
- making inquiries primarily of persons responsible for preparing the non-financial information included in the Report;
- comparing selected data included in the Report to the received Company's documentation.

Procedures performed were selected by us based on our professional judgement and include assessment of risk of material misstatement of the non-financial 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. Therefore, we do not issue an opinion on the Report.

Conclusion

Based on our procedures performed, noting has come to our attention that causes us to believe that selected non-financial information included in the Report, as mentioned in Scope of performed work paragraph, is not in all material aspects in accordance with GRI Guidance.

Ernst & Young Audyt Polska

spółka z ograniczoną odpowiedzialnością sp. k.

Warsaw, 16 June 2021

Table of indicators

Overview of key information used in the report and its compliance with applicable standards.

Index number	Index title	Page/pages in the report	Type of index	WEF ⁴² publication	SDG and UNGC principles
2016 profile indices⁴¹					
Organisation Profile					
102-1	Name of the organisation	24	CORE		
102-2	Activities, brands, products and/or services	22-23	CORE		
102-3	Location of headquarters	24	CORE		
102-4	Location of operations	24	CORE		
102-5	Ownership and legal form	24	CORE		
102-6	Markets served	8	CORE		
102-7	Scale of the organisation	8-11, 86, 99	CORE		
102-8	Information on employees and other workers	86-89	CORE		SDG 8, 10.
102-9	Description of the supply chain	98-99	CORE		
102-10	Significant changes to the organisation and its supply chain	8-11	CORE		
102-11	Precautionary principle or approach	92	CORE		UNGC 7
102-12	External declarations, principles and other initiatives of economic, environmental and social nature adopted or supported by the organisation	72-73	CORE		
102-13	Membership in associations and organisations	72-73	CORE		

⁴¹ Year of publication of GRI indices

⁴² WEF, <https://www.weforum.org/reports/measuring-stakeholdercapitalism-towards-common-metrics-and-consistent-reporting-of-sustainable-value-creation>

Index number	Index title	Page/pages in the report	Type of index	WEF publication	SDG and UNGC principles
Profile indices (2016)					
Strategy					
102-14	Statement from senior decision-maker	4-5	CORE		
102-15	Key impacts, risks, and opportunities	92-95		☑	
Ethics and integrity					
102-16	Values, principles, standards, and norms of behavior.	21 and 81	CORE		SDG 16
102-17	Internal and external mechanisms for advice and concerns about behavior in ethics-related and legal issues, as well as in cases related to organisational integrity	92		☑	SDG 16
Governance					
102-18	Governance structure of the organisation, including committees subordinate to the top-level governance body	22-25	CORE		
Stakeholder engagement					
102-40	List of stakeholder groups engaged by the reporting organisation	102-105	CORE		
102-41	Collective bargaining agreements		CORE		SDG 8 UNGC 1.3
No collective bargaining agreements are in effect within the Group.					
102-42	Identifying and selecting stakeholders	102	CORE		
102-43	Approach to stakeholder engagement, including frequency of engagement, by stakeholder type and group	102-105	CORE	☑	
102-44	Key topics and concerns raised by stakeholders and response from the organisation, including by reporting such concerns	102-105	CORE		

Index number	Index title	Page/pages in the report	Type of index	Stakeholder Capitalism	SDG and UNGC principles
Profile indices (2016)					
Reporting practice					
102-45	Entities included in the consolidated financial statements	102	CORE		
102-46	Defining report content and topic boundaries	102-103	CORE		
102-47	List of material topics	103	CORE	☑	
102-48	Restatements of information included in previous reports, with the statement of reasons behind their introduction and with the presentation of their impact		CORE		
<p>Due to the change in reporting methodologies, the following 2019 disclosures are subject to adjustment: GRI 302-1: Total energy consumption within the organisation amounted to 45,201 MWh. GRI 302-2: Energy consumption outside the organisation amounted to 338,602 MWh. GRI 302-3: Energy intensity equaled 44.7 MWh / PLN 1 million in revenues</p>					
102-49	Changes in reporting	102-103	CORE		
102-50	Reporting period	102	CORE		
102-51	Date of most recent report (if published)	102	CORE		
102-52	Reporting cycle	102	CORE		
102-53	Contact point for questions regarding the report	156	CORE		
102-54	Claims of reporting in accordance with the GRI Standards (Core or Comprehensive)	102	CORE		
102-55	GRI content index	160-169	CORE		
102-56	Policy and current practice with regard to seeking external assurance for the report	102	CORE		

Index number	Index title	Page/pages in the report	Type of index	Stakeholder Capitalism	SDG and UNGC principles
Profile indices (2016)					
Management approach (2016)					
103-1	Explanation of materials topics and their boundaries	103	CORE		
103-2	Management approach and its components	39-41, 44-45, 50-51, 59-61, 66-67, 74-75, 81-83, 90-91, 100-101, 109-111, 120-121	CORE		
103-3	Evaluation of the management approach	39-41, 44-45, 50-51, 59-61, 66-67, 74-75, 81-83, 90-91, 100-101, 109-111, 120-121	CORE		
Profile indices (2016)					
Economic topics					
Economic performance (2016)					
201-1	Direct economic value generated and distributed (taking into account revenues, operating expenditures, employee remuneration, subsidies and other investments benefiting the community, undistributed profits, and payments to capital owners and state institutions)			☑	SDG 8, 9
	<p>Revenues* in 2020 = PLN 10.2 billion, in 2019 = PLN 8.6 billion Costs* in 2020 = PLN 9.6 billion, in 2019 = PLN 8.1 billion Retained economic value* in 2020 = PLN 0.4 billion, in 2019 = PLN 0.2 billion</p> <p>* Net revenues on sales, from contracts with customers and financial revenues ** Operating costs, other operating costs and financial costs (without interest on loans from related entities)</p>				
Market presence (2016)					
202-1	Ratios of standard entry level wage by gender compared to local minimum wage			☑	SDG 1, 5, 8
	The ratios amounted to 1.46 for males and 1.16 for females.				
202-2	Proportion of senior management hired from the local community				SDG 8
	The proportion amounted to 100%.				
Indirect economic impacts (2016)					
203-1	Infrastructure investments and services supported	76-77	CORE		SDG 5, 9, 11 UNGC 8,9

Index number	Index title	Page/pages in the report	Type of index	Stakeholder Capitalism	SDG and UNGC principles
Profile indices (2016)					
Economic topics					
Indirect economic impacts (2016)					
203-2	Significant indirect economic impacts	62-65 and 70-71			SDG 1, 3, 8
Procurement practices (2016)					
204-1	Proportion of spending on local suppliers	9			SDG 8
Anti-corruption (2016)					
205-1	Operations assessed for risks related to corruption	92			SDG 16 UNGC 10
205-2	Communication and training about anti-corruption policies and procedures	92			SDG 16 UNGC 10
205-3	Confirmed incidents of corruption and actions taken	92			SDG 16
Anti-competitive behavior (2016)					
206-1	Legal actions for anti-competitive behavior, anti-trust and monopoly practices	92			SDG 16
Environmental topics					
Materials (2016)					
301-2	Recycled input materials used in production		CORE		SDG 8, 12
The share equaled 12.4%					
301-3	Reclaimed products and their packaging materials, by material category	120			SDG 8, 12

Index number	Index title	Page/pages in the report	Type of index	Stakeholder Capitalism	SDG and UNGC principles
Profile indices (2016)					
Environmental topics					
Energy (2016)					
302-1	Energy consumption within the organisation, by type of raw material	115			SDG 7, 8, 12, 13
302-2	Energy consumption outside the organisation	115			SDG 7, 8, 12, 13
302-3	Energy intensity	115			SDG 7, 8, 12, 13
302-4	Reduction of energy consumption	108, 115 and 117			SDG 7, 8, 12, 13 UNGC 8, 9
Water and effluents (2018)					
303-3	Water withdrawal				SDG 6, 8, 12
<p>Consumption of water from the municipal network at the headquarters and Logistics Centers: 23,745 m³</p>					
Biodiversity (2016)					
304-2	Significant impacts of activities, products and services on biodiversity	72			SDG 6, 14, 15 UNGC 8
Emissions (2016)					
305-1	Direct (Scope 1) GHG emissions	110-114		☑	SDG 3, 12, 13, 14, 15
305-2	Energy indirect (Scope 2) GHG emissions	110-114		☑	SDG 3, 12, 13, 14, 15
305-3	Other indirect (Scope 3) GHG emissions	110-113 and 116		☑	SDG 3, 12, 13, 14, 15
305-4	GHG emissions intensity	116		☑	SDG 13, 14, 15

Index number	Index title	Page/pages in the report	Type of index	Stakeholder Capitalism	SDG and UNGC principles
Profile indices (2016)					
Economic topics					
Emissions (2016)					
305-5	Reduction of GHG emissions	116-117	CORE		SDG 13, 14, 15 UNGC 8, 9
Waste (2016)					
306-2	Waste by type and disposal method	125			SDG 3, 6, 11, 12
307-1	Value of fines and total number of non-monetary sanctions for non-compliance with environmental laws and/or regulations				SDG 16
A single monetary penalty in the amount of PLN 73,377.30 was imposed for placing advertising billboards in violation of the Landscape Resolution of the city of Gdańsk.					
Social topics					
Employment (2016)					
401-1	New employee hires and employee turnover	85-86	CORE		SDG 5, 8, 10
401-2	Additional benefits provided to full-time employees that are not available to temporary or part-time workers	85		☑	SDG 3, 5, 8
Labor/management relations (2016)					
402-1	Minimum notice periods regarding operational changes, including information whether such periods are defined in collective agreements				SDG 8
As per Labor Code regulations.					
Occupational health and safety (2018)					
403-9	Work-related injuries				SDG 3, 8, 16
22 work-related accidents - 21 light and 1 serious - were reported. The total of 22 persons were injured - 19 males and 3 females.					

Index number	Index title	Page/pages in the report	Type of index	Stakeholder Capitalism	SDG and UNGC principles
Profile indices (2016)					
Social topics					
Occupational health and safety (2018)					
403-10	Occupational diseases				SDG 3, 8, 16
None were reported.					
Training and education (2016)					
404-1 ⁴³	Average hours of training per year per employee	88			SDG 4, 5, 8, 10
404-2	Programs for upgrading managerial skills and lifelong learning that supports the continuity of employment and facilitates the retirement process	88-89			SDG 8, 10 UNGC 6
We do not offer any programs facilitating the retirement process.					
404-3	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	88			SDG 5, 8, 10
Diversity and equal opportunity (2016)					
405-1	Diversity of governance bodies and employees, by employee category, gender, age and other diversity-related factors	87 and 89		☑	SDG 5, 8 UNGC 1, 6
Management Board make-up*: 1. By gender: males - 50%, females - 50% 2. By age: <30 - 0%, 30-50 - 83%, >50 - 17% *As at the end of May 2021.					
Non-discrimination (2016)					
406-1	Incidents of discrimination and corrective actions taken				SDG 5, 8 UNGC 1, 2, 6
No cases of discrimination have been reported.					

Index number	Index title	Page/pages in the report	Type of index	Stakeholder Capitalism	SDG and UNGC principles
Profile indices (2016)					
Social topics					
Child labor (2016)					
408-1	Operations and suppliers at significant risk for incidents of child labor, as well as activities undertaken to eliminate such cases	99		☑	SDG 8, 16 UNGC 1, 2, 5
Forced or compulsory labor (2016)					
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor, as well as activities undertaken to eliminate such cases	99		☑	SDG 8 UNGC 1, 2, 4
Local communities (2016)					
413-1	Operations with local community engagement, impact assessments and development programs				UNGC 8
6,927 business units (100%).					
Participation in public life (2016)					
415-1	Total financial and in-kind value of donations to political parties, politicians and institutions of a similar character, by country				
No such donations have been made.					
Customer health and safety (2016)					
416-1	Assessment of the health and safety impacts of product and service categories				SDG 16 UNGC 9
The percentage share of significant product and service categories subject to assessment amounted to 100%					
Marketing and labeling (2016)					
417-1	Internal requirements for product and service information and labeling	96			SDG 12, 16

Index number	Index title	Page/pages in the report	Type of index	Stakeholder Capitalism	SDG and UNGC principles
Profile indices (2016)					
Social topics					
Customer privacy (2016)					
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	92			SDG 16 UNGC 1, 2
Socioeconomic compliance (2016)					
419-1	Non-compliance with laws and regulations in the social and economic area				SDG 16
No cases of non-compliance have been reported.					
G4-FP1	Percentage share of suppliers meeting the organisation's requirements				
The share amounted to 100%.					

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