

# żabka



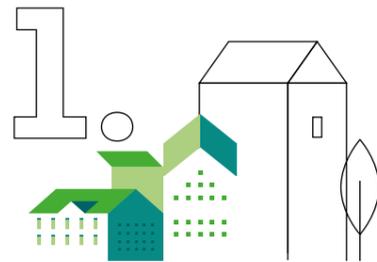
## PROXIMITY AND RESPONSIBILITY

2019 Social Responsibility Report for Żabka Polska sp. z o.o.

## **PROXIMITY AND RESPONSIBILITY**

2019 Social Responsibility  
Report for  
Żabka Polska sp. z o.o.

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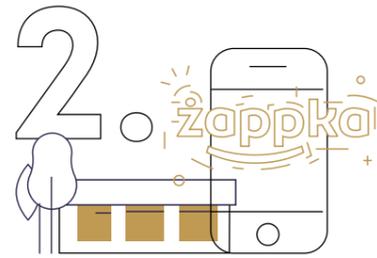
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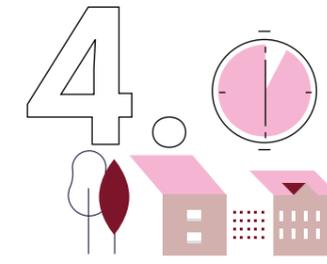


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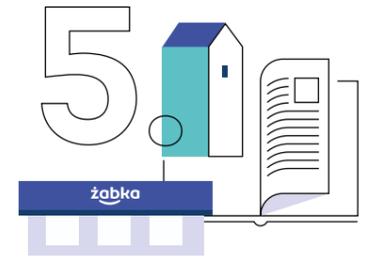
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### **Our report**



## **An ambitious vision - from format transformation, through digital transformation, to transformation of responsibility.**

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Żabka Polska is one of the most dynamically developing convenience-type retail chains in Europe. 2019 brought us our greatest success in nearly 22 years of operation. We finished the year with a turnover reaching over 10 billion PLN and the opening of our six thousand and second store. We have more to be proud of than just our financial results and the expansion of our chain. Above all, Żabka is nothing without the people who make it: our employees, associates and franchisees. This is why we add the growing rates of employee and franchisee satisfaction to our list of last year's accomplishments. They confirm that Żabka is a valued employer in Poland and a partner with whom it is worth developing one's business.

**The excellent results are the effect of an incredible effort and engagement of the whole Żabka team, along with the consistent implementation of changes and an ambitious strategy over the past three years.**

In 2017, with with our owner, CVC Capital Partners, we began transforming Żabka's business format, which involved the rebranding and remodeling of stores and the refinement of the offer in response to the ever-changing needs of the contemporary client. Currently, over 5300 Żabka locations are functioning under this new model. We have also entered a new stage of digital transformation, which encompasses modern work-tools, innovative store management solutions, effective internal and

customer communication, and new training methods. Applying artificial intelligence allows us to make business decisions informed by actual data in real time.

We can understand modernity as a broad concept. We tie the implementation of strategic priorities to social responsibility. **Our attention is focused on the person and their needs, but without forgetting about our shared responsibility for the natural environment and our immediate surroundings.** The satisfaction of the whole team and each customer along with concern for local communities and ecology are the pillars of Żabka's activities within the realm of CSR.

Żabka is more than just a brand familiar to 100 percent of Poles. We inspire affection thanks to an offer that responds to the needs of modern consumers. Due to our ability to accurately identify their expectations, an openness to innovation, and an understanding of the changes happening in their lifestyles, we can make the lives of our clients easier. We guarantee well thought-out store location, smooth service, good quality, and the development of categories of products which are prioritized by consumers who are always on the move. We provide services necessary for daily life. Thanks to these factors, Żabka becomes both a conscious choice and a part of the environment for many clients, as a store where they can do their quick, daily grocery shopping.

**At the same time, we are aware that the our chain's development is based on its partners: the franchisees and the employees. We build our relationship on the values that are most important to us: credibility and responsibility.**

The functioning of our organization is guided by the idea of franchisee-centricity, which places the franchisees in the center of all implemented projects. This is our inner road sign, pointing in the direction of our company's development. The number of Żabka franchisees has surpassed 4300 this year. The low barrier for entry into the chain makes us one of the most accessible franchises in Poland. We ensure that the franchisees are supported at each step during the development of their individual businesses, starting with the moment they join the chain. Franchisee-centricity signifies we listen to the proposals submitted by our business partners. People who run their shops, represented by the Board of Franchisees, can report specific solutions that will facilitate their work. Żabka employees have

broad career options. We provide them with a feeling of security and we respect their effort, applaud their accomplishments and propose new methods of work, which results in projects that are carried out jointly by several departments. Thanks to this, we can both get to know each other better and build lasting bonds. For years, we have focused on the development and integration of our team. We care about the quality of employee events, and training programs implemented as part of the Żabka Academy, allowing for the independent development of competencies and expansion of knowledge.

Żabka wants to be a good neighbour, functioning close to and in harmony with local communities. We actively involve ourselves in the life of the community by partnering with sponsoring events and partnering with associations that include sport, recreation and education. We always emphasize a healthy lifestyle, along with an ecological focus.

Our concern for the environment is an expression of how much we care for the life of our clients and local communities. Żabka approaches the health and purity of natural resources holistically, which is visible in every aspect of our activities. We adhere to food safety standards (ISO 22000) and environmental management standards (ISO 14001). We have removed palm oil, preservatives and – where it was possible – added sugar from our own brand products. We help franchisees manage waste recycling. We care for the climate through the constant improvement of energy efficiency in our stores.

We have replaced refrigeration equipment and lighting. We do not waste food. The surplus of food goes to Food Banks and Caritas branches.

**2019 was an exceptional year for Żabka, not only because of excellent results. For the first time, we involved our whole team in a dialogue about the values which should guide Żabka in its everyday business activity.** Openness, credibility, responsibility and ambition have been permanently written into our code of conduct. A common understanding of our organization's philosophy has become the key to its success. We are aware that only an ambitious team, one that is open to innovation, challenges, and other people, is able to expand our chain at such a fast rate. Only responsible growth, with a respect for the environment and our business partners, can guarantee long-term growth. Only by being credible in our actions, and following mutually identified principles, can we join our franchisees in building the future of Żabka.

We are planning this future with great enthusiasm. Before us lies the further development of our store format, new services, faster and more convenient customer service, and product and technological innovation. We will fine-tune the franchise model and take advantage of growth opportunities and risk minimalization as they appear. Our mission is to simplify peoples' lives, so we are perfecting our vision of a friendly franchise chain. In 2020, our strategic priority is a green agenda for the development of environmentally friendly programs. We have no other choice. Our logo demands it.

**Tomasz Suchański**  
CEO





# ESG at Żabka - our priorities



**We create good products for generations of Poles, with our planet in mind.**

**Anna Grabowska**

Żabka, as a commercial network that is familiar to millions of Poles, takes responsibility for the long and healthy lives of its clients, while caring for the good of our planet.

When creating our own brand products, we care for their highest quality. We want them to be not only tasty, but above all healthy. We limit the amount of sugars, salts, preservatives, we do not pasteurize our juices, we use plant-based ingredients. At the same time, we are constantly thinking about how to reduce the negative impact of our products on the natural environment as much as possible. We have eliminated palm oil, we are constantly reducing the amount of plastic in packaging and, wherever possible, we change packaging to 100% recycled or recyclable materials.

At Żabka, we remember that as a good neighbor, we must care for our home and its well-being in the long run. A focus on the client is not enough anymore, as we should also focus on the natural environment and its resources, so that we, our children, and future generations can enjoy the benefits of our planet for years.



**Responsibility for franchisee businesses is also our social responsibility.**

**Adam Manikowski**

Understanding the needs and expectations of our business partners is the basis upon which we can responsibly conduct a franchise-based business. At Żabka, we focus on building good relations based on dialogue, openness and trust with our stakeholders. This is why we regularly conduct franchisee satisfaction surveys, analyze their results and react to reported problems and ideas for improvement. We consult implemented changes and initiatives with the Board of Franchisees, thanks to which we can get closer to the needs of our partners. We are aware that by caring about the development of entrepreneurship and success of our franchisees, we create jobs and influence the development of local communities.

In placing the franchisee in the center, we must be responsible for ESG. Żabka is above all a commercial chain, distributor and seller of products and services. Behind each store, there stands an organization with 5 logistics centers and organized transport. We are aware of their influence on the environment, and we consistently try to minimize these negative effects.



**Not only do we create jobs, we also invest in development and education.**

**Jolanta Bańczerowska**

We develop Żabka's social responsibility with three stakeholder groups in mind: our clients, franchisees and employees. We want to be a good neighbor to millions of Poles, making their daily life easier. At the same time, we want to be the operator of the most affordable franchise in Poland, which enables Polish entrepreneurs to run effective businesses under the Żabka brand. We also want to be a responsible, reliable and development-friendly employer. This is why, at Żabka, we stress the importance of education and personal growth. We run a number of programs and projects enabling our franchisees and employees to improve their professional qualifications under the umbrella of the Żabka Academy. We also take care of the education of the young generation, developing the Scholarship Program and internship programs and cooperation with universities.

People are the most important thing about Żabka. We are aware that we can only achieve long-term success as a well-coordinated, motivated, committed and competent team. By focusing on people, we acknowledge their rights, respect our diversity, and we listen to each other.



**Żabka's digital transformation affects all ESG areas.**

**Tomasz Blicharski**

Żabka has been developing dynamically for over 20 years. During this time, the client and their lifestyle have changed, the conditions of the legal environment have changed, directly affecting our business, and technologies have also changed and developed to enable us to run the company efficiently and better respond to the needs of consumers. We are aware that in order to maintain our leadership position we must flexibly adapt to these changes, stay ahead of trends and take advantage of the opportunities offered by new technological solutions. The digital transformation in Żabka means not only the opportunity to develop advanced data analytics and better adapt the offer to the needs and new habits of the customer, but also the tools to improve the communication and work of franchisees. After all, these are solutions that automate the work of logistics centers, improving the efficiency of transport and operational processes. Thanks to them, we save energy significantly and reduce our carbon footprint, showing we care for the environment.

At Żabka, we know that only sustainable development is possible in the long run. This development comes from a respect for human rights. We are always close to our customers

and the local communities where our stores, franchisees and employees are located. This development is in full compliance with legal and social norms. After all, this is development that considers our shared responsibility for the environment.





Dynamic  
development to  
get closer

# Key figures

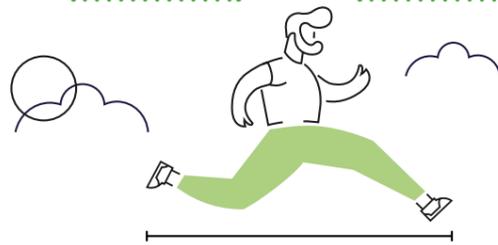
Żabka in 2019



Record sales value

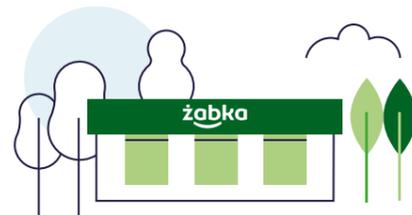
## 10.099 bln PLN\*

\* Sales revenue in 2019 registered at the registers in all stores of Żabka Polska sp.z o.o.



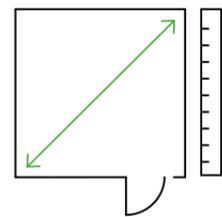
## 12.5 mln

people are less than 300 m away from a Żabka



## 6002

stores by the end of 2019



The average store has an surface area of

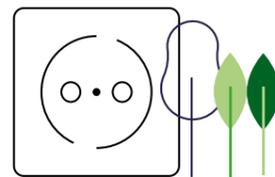
## 68 m<sup>2</sup>



## 652

new locations opened in 2019

Energy efficiency in 2019



## 30 thou. MWh,

the equivalent used annually by 9,000, 4-person families



The digital revolution is a symbol of our dynamic, modern reality. Because technological changes are a continuous process, we always respond with great openness to emerging modern solutions. We use them to meet customer expectations according to consumer trends and to create optimal working conditions for our team – both employees of all departments, as well as the franchisees cooperating with us.

Innovative tools allow Żabka to optimize the client offering, along with providing individualized communication. We give franchisees the ability to efficiently manage their assortment and its availability, and to fully analyze the business process. We also use the digital transformation to continually improve our transport and logistics.

Żabka is an innovator within the retail chain industry. A dozen or so years ago, we were the only retail chain in Poland to have its own website. We introduced non-cash transactions and enabled customers to pay their bills at our locations. Today, we use advanced analytics and cloud solutions to support decision-making processes. To a large extent, it is thanks to this openness towards technology that we have become a leader in the convenience segment by providing small, convenient stores.

In a broader perspective, we contribute to the success of the digital transformation in our country.



**Tomasz Blicharski**  
Chief Financial and Development Officer

# Żabka - the great small shop

By the end of 2019 there were already **6002 Żabka stores in Poland**. Just in the last year, we have added **652 locations**. Every day, we are visited by **2.4 million Poles** on average. This number is higher than the population of Warsaw, the most populated city in the country. We attribute this result to the careful selection of locations for our stores. **12.5 mln Poles** are fewer than **300 meters** away from the closest Żabka.

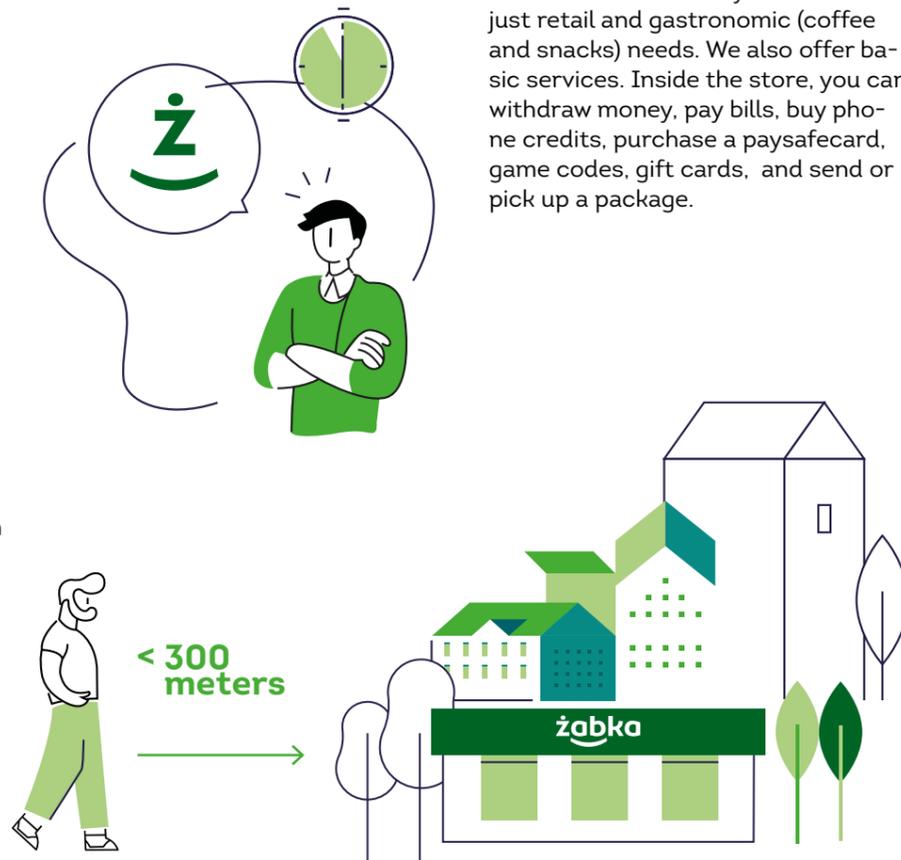
102-2

Our stores are open 7 days a week during the most convenient hours, **from 6.00 to 23.00**. Furthermore, our locations are connected by two basic functions which make life easier for busy and rushed consumers.

Everyone calls Żabkas „stores,” but this is only a small part of our business activity. We function according to a **convenience store format**, which usually indicates a small, convenient retail and service facility. We provide fast (the average shopping experience in Żabka takes **106 seconds**), and smooth service (as different forms of payment are available: cash, card, and phone through apps such as Google Pay, Apple Pay, BLIK).

## 12.5 mln

Poles are less than 300 meters away from a Żabka



Żabka locations satisfy more than just retail and gastronomic (coffee and snacks) needs. We also offer basic services. Inside the store, you can withdraw money, pay bills, buy phone credits, purchase a paysafecard, game codes, gift cards, and send or pick up a package.

Żabka Polska Sp. z o.o. ended 2019 with its greatest success in its nearly 22 years of business activity. Sales value was over 10 billion PLN, and revenue amounted to 8.6 billion PLN. We owe these results to the format transformation in the stores, innovative solutions, and a modern-day team organization. In the segment of modern convenience retail facilities, no other chain in Europe is developing as quickly or dynamically.

Direct economic value produced and divided	2019
Revenue*	8 637 mln PLN
Costs**	8 093 mln PLN
Economic value retained	192 mln PLN

\* Sales revenues in 2019 registered at all cash register in stores of Żabka Polska sp.z o.o.

\*\*Revenue from contracts with customers, other operating income and financial income.

\*\*\*Operational costs, remaining operational costs, and financial costs (without accounting for interest on loans from affiliated entities).

201-1



## We react to the market environment

The driving force of Żabka's mission and vision is people, our employees, franchisees, and associates. They are the ones who carry out the mission of the company, simplifying the lives of our clients. However, we are aware that to remain the preferred store for fast, everyday shopping needs, we need to be a step ahead of our competition, actively reacting to our environment and changing trends, not only in the food industry, but in the whole retail sector.

We were the first in Poland to bet on the convenience format. New Żabka stores are based on this format, while we modernize old stores according to this model.

In 2017, we started a remodeling program based on the expansion of convenience stores, introducing a new assortment of products, implementing a new logo, and investing in new store equipment. By the end of 2019, there were 5.3 thousand modernized locations in operation (just in the last year, we transformed 2100 stores). We carefully look for new locations. We estimate that we still have great potential for the development of our chain.

At the same time, we carefully monitor the macroeconomic situation, including indicators such as society's purchasing potential, unemployment rate, inflation rate, rents for premises and charges for energy consumption. The sum of these data significantly affects Żabka's results and the possibilities for our further development.

One of the challenges we face during long-term planning is legal uncertainty, as in the example of trade taxation. We respect all trade laws that apply at both national and EU levels. We approach the Act on Sober Upbringing with great responsibility and we provide training for our sales representatives and cashiers who are responsible for alcohol sales. We also comply with EU directives on tobacco products.



## An organizational structure encouraging local activity

The company's headquarter is located in **Poznań**. We placed **five logistics centers** in Plewiska by Poznań, Szalsz by Gliwice, Tychy, Nadarzyn and Będzieszyn near Pruszcz Gdański. We have **20 transshipment terminals** and our sales activity is divided into Sales Regions. Until recently, there were only five regions, but due to the dynamic development of the chain and the increasing number of stores in 2019, we have divided out a sixth region, which includes the following provinces: Świętokrzyskie, Małopolskie, Lubelskie and Podkarpacie. Our operations and their locations serve the Polish market.

In 2019 we employed

# 1702

full time employees.

Throughout the country

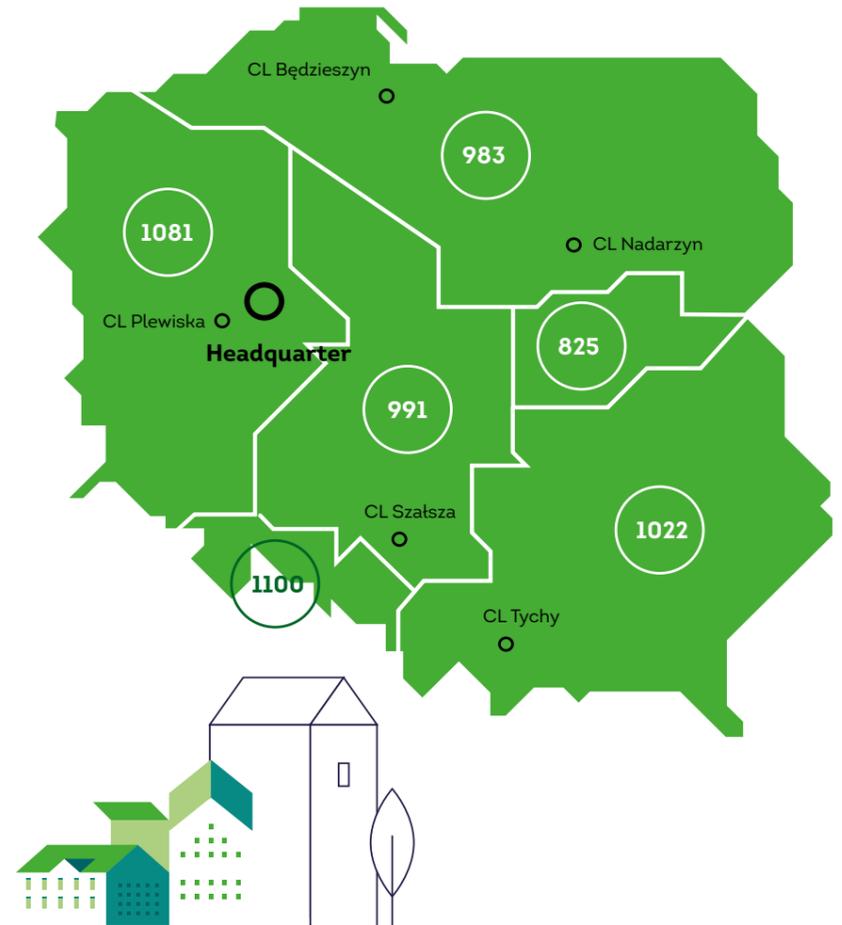
# 747

co-workers provided support to our Franchisees.

In Poland, we directly and indirectly create

# 20 thousand

jobs.



102-3,  
102-4,  
102-6;  
102-7,  
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102-8

We are based on the franchise model  
Last year, our franchisees included

# 4362

people across the country.

These people are at the center of our strategic thinking, a strategy called **franchisee-centricity**.



# Management Structure

102-5,  
102-18

## MANAGEMENT:

In the year that this report was published, to answer the needs of the organization, the Management Board added a new member who brings their expertise to better manage human resources - the Chief People Officer.

Management board composition since March 2020:



**Tomasz Suchański**  
Prezes

Since 2017, **CVC Capital Partners**, a global private equity and investment consulting group, has been the owner of **Żabka Polska**. Because of its experience in the creation of strong companies on many markets, we receive great support for our development plans. We're headed towards the establishment of a store standard that will be imitated by other markets.



**Jolanta Bańcerowska**  
Board Member,  
Chief People Officer



**Tomasz Blicharski**  
Chief Financial &  
Development Officer



**Anna Grabowska**  
Chief Commercial  
Officer



**Adam Manikowski**  
Chief Operating  
Officer

### Board of Directors

The Board of Management supervises the **Board of Directors and committees** who are responsible for decision-making in key environmental, economic and social areas.

### Committees (in alphabetical order):

- Anti-mobbing
- ESG
- Ethics
- Fixed Assets
- Integrated Management Systems
- Occupational safety and health
- Scholarship
- Social

Our franchisees are represented by a 16-person **Board of Franchisees**, who are chosen for two-year terms. The ten members are selected by franchisees through open, online elections, while six are chosen by the Sales Director and Sales Region Directors from the previous Board. This system guarantees continuity of this body. Candidates must have at least a year of experience as a Żabka manager, and proper results in the election, as described by the regulations.

**The Board of Franchisees is an important advisory body for Żabka Polska. It is made of representatives of all the franchisees in the company.**

Dialogue between the Board and the Director of Franchisee Cooperation, both groups who represent all business partners, is fundamental to the development of the company. The Board is responsible for facilitating communication, cooperation between the franchisees and the company's management team, the strengthening of good mutual relations between the franchisees, supporting the chain in the implementation of changes and innovations. In the name of the franchisee community, the Board reports new ideas, doubts or issues of non-compliance to the management.

**The Board of Franchisees members are:** Katarzyna Kasztelan, Agata Michalczyk, Małgorzata Turon; Małgorzata Chrzanowska (Chair of the Board), Edyta Pospieszynska, Adrian Gazda; Ryszard Jurecki, Patryk Nogaj, Paweł Tracz; Edyta Wołodko, Mirosław Golec, Grzegorz Gulczyński, Ireneusz Piotrowski; Małgorzata Starzyńska, Arkadiusz Buła, Angelika Sottys. The Director of Franchisee Cooperation is responsible for coordination between the company management and the Board. In 2019, this position was filled by Piotr Pera, who has been with Żabka for 17 years as a franchisee and Board member in Poznań.



" In the spring of 2019, representatives of Żabka's five regions joined the new Board of Franchisees (as when the Board was called, the five regions were not yet formed.)

United by shared values,  
standards, and a common goal

102-16

The strongest sides of Žabka are our people, their talent and engagement. Everyone, including the management, experts, employees at all branches and levels, and franchisees, has their role in the company. However, our success would not be possible if we did not form a team, or even a community, centered around the same values. These values apply to us all, defining what we want to be and what we should do.

## Our values



### RESPONSIBILITY

First of all, we focus on taking **responsibility** for our associates, franchisees and clients, the natural environment and the local communities in which our stores function. We are aware that every decision affects the business of our franchisees and customer satisfaction.



### CREDIBILITY

We care about our **credibility**, placing our trust in the team and winning the trust of our business partners. We maintain our good reputation, and we have repeatedly shown that Žabka always follows through on its promises. Simultaneously, we implement projects only after obtaining research results from objective sources, checking our assumptions and accessing knowledge.



### OPENNESS

**Žabka is** a flexible organization, **open** to discussion, innovation, and changes. We respect each other irrespective of opinions or views represented. Our collective courage to go beyond the status quo means that we are optimistic about new circumstances, trends and opportunities. We reach for new products, which leads to organizational and technological improvements.



### AMBITION

Another fundamental value is **ambition**, through which we consistently carry out our plans, even the boldest ones, as we are defined by perseverance and the need for constant development.

**In 2018, we developed a set of our key values, while in 2019 we worked towards promoting these values among our employees. Thanks to this effort and a year after defining our code of conduct, over 90% of employees can identify these values correctly, while 75% identify with the values of Žabka.**

## Creating a code of values

The creation of our code of values required diligent preparation. We began by discussing the need for values at work and in interpersonal relationships. First, we held a conversation between the management and employee representatives. We agreed that change must happen holistically, throughout the whole organization, and encompass everyone, regardless of position, seniority, and responsibilities. We also emphasized that the code is not just a collection of words, but a source of practical guidelines.

This is why we chose to communicate our standards in a non-standard way, engaging our employees. An element of this process was cooperation with the Apennine School of Living Philosophy and dr. Marciin Fabjański, who organized writing workshops for a group of employees which were partly based on the working practices of Marcus Aurelius. The result of this effort was a book titled „Night of Whispers,” which was written and published collaboratively, and whose plot refers to our values.



The common values that drive everyone in our organization provide a code of conduct, which allows us to share a common vision and goals. Although everyone interprets them based on their own professional and personal experience, we are united in our actions. At our job, we feel responsible for our company, the clients and local communities, the businesses of our franchisees and our projects. Ethical behavior and commitment to our promises result in Żabka as a trustworthy partner for suppliers and people who manage the stores. We are open to new challenges, changes and innovations. We are also open to other people and their opinions. We do not hesitate to communicate challenges and we are always ready to discuss possible solutions, and to enthusiastically approach our own and the company's development. We do not cease to reach higher, we are not afraid of challenges, bold choices and thinking outside of the box. Żabka, as a workplace, allows for the development of individual and professional plans and the obtainment of qualifications, which allows us to fulfill our goals.

## Ethical DNA

**Żabka emphasizes professional ethics and opposes any non-compliance. Each employee, co-worker and contractor can safely report their suspicions of ethically unacceptable situations through the “Green Line” (Whistle B) system.**

Through this channel, employees and associates can report unfair practices and any unlawful situations regarding company values and policies. The “Green Line” supports the achievement of high standards of business ethics and the development of mutual trust. In addition, we have

introduced the following procedures: conflict-of-interest management, contractor verification, public sector cooperation, and the acceptance and transfer of gifts and samples. As part of the audit plan implemented every year, we try to analyze our departments' readiness for the management of operational risks that may occur. The recommendations issued as part of the audit summary provide important guidance on how to operate more effectively and efficiently, and how to properly address material risks in everyday operations.

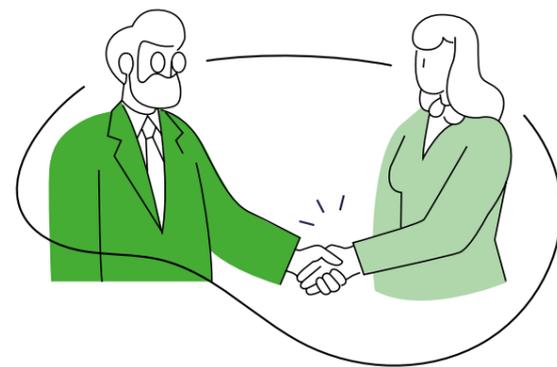


## Shared goals towards the social responsibility of our business

Żabka's business activities have always been conducted according to the best practices in the fields of ESG (Environmental, Social, Governance). We are aware of our impact on our surroundings, and the scale of our operations obliges us to manage our interactions effectively, responsibly and wisely, especially with regards to our clients, franchisees and employees.

Our initiatives in the fields of Environment (E) and Social (S) have prompted us to define the framework of Żabka's engagement and to structure previously implemented efforts within it. In this way, we have built a CSR strategy based on the **five pillars**: environmental protection, education and growth (both personal and team), support for local communities, encouragement of a healthy and active lifestyle for our customers, employees and franchisees, and the responsible sales of food.

**Our activities in the realm of ESG factors and our strategic pillars are connected by placing our key stakeholders in the center of attention. Different initiatives also serve to build solid relationships with customers, franchisees and employees.**



Thanks to ambition, openness, responsibility and credibility, Żabka not only achieves market success and implements innovative solutions, but is also a friendly employer who cares for the everyday safety of its team, along with their well-being, education, career paths and constant dialogue. For customers, it fulfills its mission to simplify their lives by offering convenient and fast shopping and services.

Żabka's own systematically developed brand of food products takes a special place in the business by exemplifying how we take responsibility for the health of our customers, and also our concern for nature. Only thanks to this engagement and cooperation with franchisees, employees and customers can Żabka succeed in developing good practices in the area of sustainable development and corporate social responsibility.



**A good neighbor to millions of Poles**



Personal growth, education, entrepreneurship



Environmental protection



Healthy and active lifestyle



Responsible food



Support for local communities



## #Żabkahelps

In line with our CSR strategy, Żabka strives to have a positive impact on the daily lives of our stakeholders and social environment. This includes our clients, franchisees, employees and local suppliers.

We try to get to know our partners beyond the professional level. For over a decade, Żabka has been providing opportunities for a better start to the most gifted children of our franchisees, associates and employees. In 2019, our scholarship program included a record number of children and young people. We gave them **40 scholarships** of 400 PLN per month, thanks to which they could have greater freedom to develop their pursuits and talents.



We are involved in the life of the communities in which our stores are located. We support educational and sport initiatives and local youth sports clubs, and we cooperate with charities and branches of the Polish Committee for Social Welfare. An example of a local program aimed at children and young people, along with their parents, is the **Safe and environmentally-friendly vacation** campaign, which promotes a responsible attitude and behavior during summer break. It is organized by the Integration and Cooperation Association, which is supported by Żabka as a partner.

This is a cycle of family summer festivals in different cities in Poland, during which, aside from organizing games, we provide first aid training. We also invite psychologists. Parents can speak with them about substance abuse.



Due to their regular, direct contact with customers, franchisees know a lot about the needs of certain people in the neighborhood or they identify the need for role models. Franchisees have the possibility to take action on behalf of the local citizens, and they often do this. Żabka readily fulfills their ideas. This is why franchisees approach the project "Safe Internship" with such enthusiasm. The project is carried out in partnership with the Samodzielni Robinsonowie Foundation, and it introduces young people at risk of social exclusion to the labor market (as discussed in Chapter 3).

With the help of our franchisees, we allocated **6,97 mln PLN** towards the support of local communities

The participation of our customers and franchisees in the 27th Finale of the Great Orchestra of Christmas Charity is a testament to our unity. During the fundraiser on January 13th, 2019, we collected over 1 mln PLN, about 350 thousand more PLN than the previous year.



Żabka also helps local communities and their partners in shaping environmentally friendly attitudes. By focusing on people and education, we create the tools and opportunities for their development. As a company, we care for the environment and we try to share our enthusiasm and good habits with our stakeholders by minimizing exhaust emissions into the atmosphere by switching from cars to bikes. Thanks to our 2019 campaign under the slogan "We revolve around green transport," we built 20 self-service bicycle repair stations in Poznań. The cost was about 70 thousand PLN. We also engaged customers in a contest

where they could vote for another four cities in which to place the repair stations. Over 4,000 people participated in the voting. We will build repair stations in the most popular cities.

We participate in the **"Earth Hour (WWF)"** campaign, which has been happening on the last Saturday of March for almost 20 years, to express our commitment to reducing emissions and promoting a respect for energy. Employees and local residents who want to express their environmentally friendly attitude extinguish the lights in their homes and institutions for an hour.

In 2019, we started an educational project about the recovery of recyclable materials, which was aimed at children at Poznań's pre-schools. An educational **"ŚMIECIARKA (garbage truck)"**\* was invited to three locations to teach children how to segregate trash correctly through games. Thanks to booklets, educational materials, and posters, we were able to also reach an even wider audience of parents and staff. The success of the pilot project encourages us to repeat it again next year.

\* ŚMIECIARKA is part of the educational campaign, for more information visit: [www.dzialajzimpetem.pl](http://www.dzialajzimpetem.pl)



## Responsibility and safety in the supply chain

Żabka is not only a vendor, but also a producer of food. Over 8% of sales value comes from its own brand products. We also handle food storage and transport, both on a large scale and according to the needs of each location.

### We focus on quality

We are always concerned with the best quality, as certified by the ISO 22000:2005 food safety norm we have implemented. Our clients can rest assured that we produce, transport and store the food in suitable conditions and appropriate temperatures.



**ISO 22000: 2005**  
in food safety



As a responsible employer, Żabka builds long-term relationships with its business partners, basing them on transparent and ethical principles of cooperation. We accept private label suppliers into the network based on their quality qualifications. According to the instructions, the decision to cooperate is made on the basis of quality management systems which are implemented and certified by accredited units, i.e. IFS, BRC, FSSC 22000, ISO 9001 and Global GAP (for primary production) or IFS Global Market (for smaller or developing suppliers). Our brand suppliers additionally go through an audit to monitor their compliance with our standards for these types of products.

In 2019, the percentage of products verified as compliant with international standards and certified for responsible production was 100 percent.

### We focus on the environment

**We have implemented the ISO 14001 certificate used in environmental management throughout our whole organization. It was verified by the external certification company TUV Nord, which performed an audit at our headquarters, logistics centers and terminals.**

Greenhouse gas emission is one of the factors affecting the environment. At our organization, these emissions come from cooling equipment and transport. During the modernization of our stores, we replaced **refrigerants in our fridges and freezers** with more environmentally-friendly options, which have a smaller impact on the ozone layer and greenhouse effect. By replacing refrigerants in 2200 stores (1600 in 2019), **we saved 40% of CO2 emissions (over 75 million tons of CO2)** compared with the previous solutions.

The TMS (Transport Management System) optimizes transport for Żabka. It encompasses all stages of good distribution up to delivery to a specific location. The system facilitates the communication of all elements of the supply chain. It also includes the returns service. TMS brings visible benefits. Through this system, transport planning contributes to the reduction of kilometers driven and an increase in trailer load capacity. The TMS can also record temperature measurements during transport.

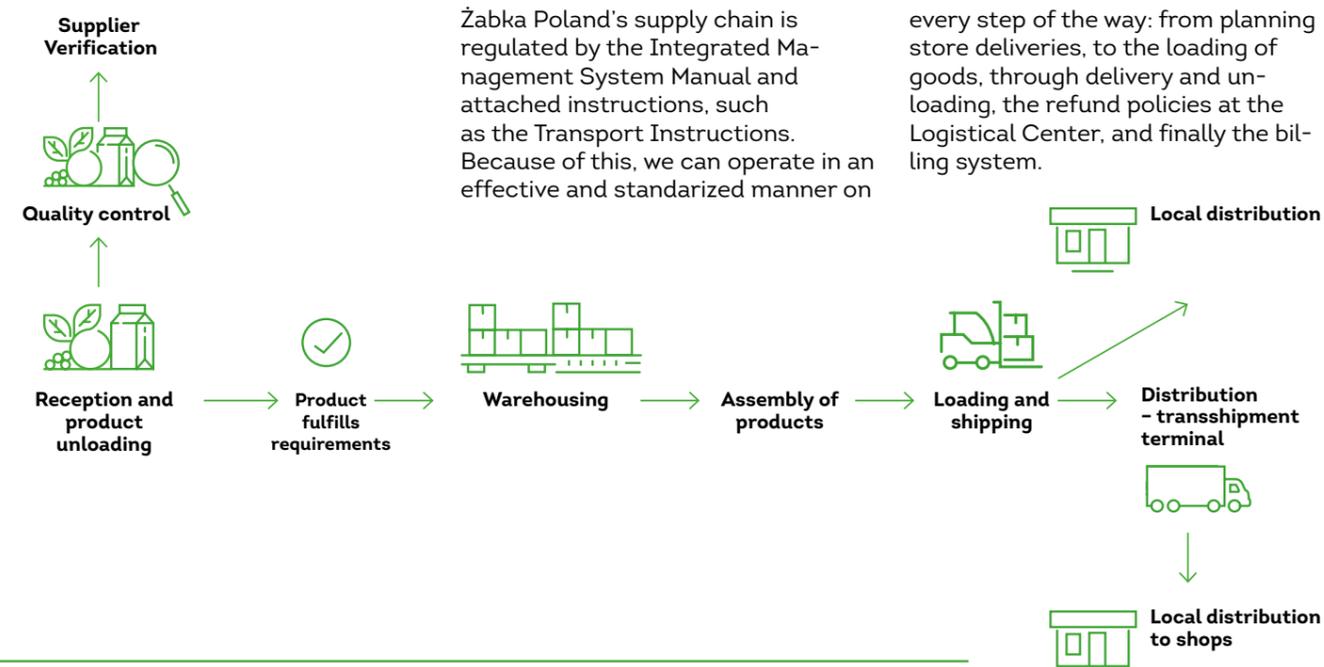
An important element of environmental awareness is the **education of franchisees, employees and consumers**. In 2019, Żabka Polska organized educational programs for 1300 in pre-schools, along with a series of trainings for franchisees, which included 20,000 people.

**ISO 14001**

in environmental management



### Supply chain



Moreover, we engage in the protection of human rights, especially in regards to forced labor and child labor, along with worthy compensation. This is why, in the case of foreign suppliers or suppliers importing products from abroad, we verify the presence of products and their places of production on the US Department of Labor "List of goods produced by child labor or forced labor". In the case of suppliers from high-risk countries, we also require confirmation of an external audit about compliance with ethical principles.

Żabka considers proper organization, and the application of modern solutions, to be of great importance within two (complementary) processes: transport and logistics. The proper supply of stores operating across the country depends on the quality of these processes, ultimately increasing the satisfaction of our franchisees and customers.



## Our agility and energy efficiency

One of the areas we are working on is energy consumption. As we are constantly striving to reduce our energy needs, in 2019 we implemented an energy management system in accordance with **ISO 50001: 2011**. Thanks to the work undertaken to implement this standard, we carefully observed the company processes and assessed the points into which we can introduce energy-saving solutions. The reduction of energy consumption means the reduction of the associated expenses, extension of the lifespan of equipment and the reduction of the number of malfunctions and greenhouse gas emissions. The energy management system includes the headquarters, logistics centers and terminals, as well as all stores belonging to the Żabka network.

In 2019, total energy consumption in Żabka amounted to **383.022 thousand MWh**, including 365.16 thousand MWh of electricity purchased, and 18.006 thousand MWh of energy from natural gas, which was the only non-renewable resource we used. The energy consumption intensity indicator, as a measure of energy efficiency, was 0.34 MW / Mt<sup>2</sup>. Energy saved thanks to optimization and innovation amounted to **over 30,000 MWh**.

## **ISO 50001**

energy management system



Modernization also meant the replacement of lighting fittings in Żabka with energy-efficient LEDs. For example, the VOLT Group replaced LED lighting in store backrooms, also installing motion sensors. Additionally, the group implemented external visualization controls (which are turned off for 9 hours in the summer). Above all, thanks to these initiatives, the amount of energy saved last year was 30.2 thousand MWh. The largest contribution to this reduction was the replacement of sales room lighting and refrigeration equipment, with 13.5 thousand MWh of savings. Replacement of lighting in the backroom brought 7 thousand MWh of savings, and 5 thousand MWh was saved by providing training for store employees on the principles of effective equipment management. Proper energy management is linked to high investment costs. Last year, we allocated 59 million PLN to changes in refrigerants, but thanks to our

## **Our efforts in this area have been recognized.**

We were awarded third place in Focus' ranking of the most environmentally friendly companies in Poland. The ranking was based on the "Analysis of the largest pro-ecological Polish enterprises," prepared by Sotrender.

network remodeling, we saved several million PLN. We have also introduced environmentally friendly logistics solutions. These include automatic battery charging, refrigeration monitoring, installation of LED lighting in logistics centers.

302-1  
302-3  
302-4

## Testing the e-Crafter

**Żabka promotes modern urban logistics and therefore, aiming to relieve cities and their residents of the harmful effects of smog and noise, it is testing out two fully electric, zero emission e-Crafters. Tests take place in Poznań and Warsaw. The project partner is Volkswagen Commercial Vehicles.**

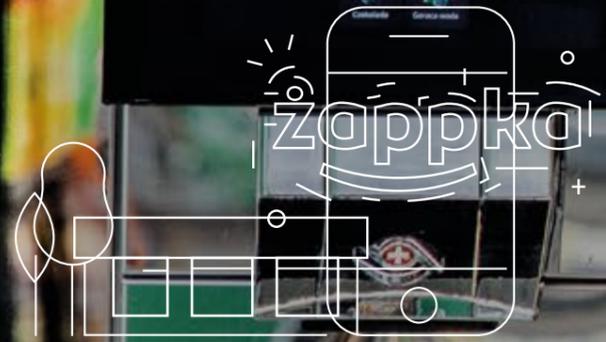
We have invested in our own electric car charging stations at our logistics centers in Nadarzyn and Plewiska. The total cost of our investment in the electric infrastructure was about 1 million PLN. The estimated annual mileage of our e-Crafters is 45 thousand „green” kilometers. We want to contribute to the creation of sustainable urban transport, and therefore we plan to purchase more test delivery electric cars.



Zacznij dobrze dzień  
z kawą z Żabki  
**happy  
hours**  
7:00 –  
10:00  
**1,99**  
Kawa  
160-200 ml



**happy  
hours**  
7:00 –  
10:00  
**1,99**  
Kawa  
160-200 ml



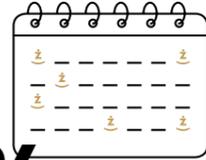
**2**  
**Openness to the  
new needs of  
clients**



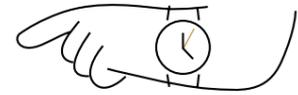
## Key figures



Over  
**2.4 mln**  
customers per day



**57%**  
of customers visit Żabka  
at least once a week



2.4 mln customers  
a day shop  
for an average of  
**106 seconds**



**84%**  
of products is consumed  
immediately after stepping  
out of the Żabka



Over  
**7 mln**  
coffees sold  
**36 mln**  
hot dogs sold

**2.4 mln**  
żabka users



For us, our customers are our partners. We care about understanding their expectations and preferences - not only in terms of shopping, but also in the needs of everyday life which can be satisfied by Żabka. Through constant monitoring, we prepare our offer and implement digital improvements to our service. To get closer to customers, and we maintain contact with them through an innovative tool, the Żappka application, which provides many opportunities. Over 2.3 million customers use it already. Format transformation and the digitization of Żabka are changes to help better serve our customers meet their daily needs.

Our clients appreciate that every day we care not only about them, but also the natural environment. We eliminate plastic from packaging, introduce solutions and products supporting sustainable development, and we also recycle plastic and cardboard used in our outlets. With this attitude, our offer, and mode of communication we gain the loyalty and win the trust of consumers, as evidenced by the systematic increase of their numbers in our stores.



**Anna Grabowska**  
Officer of Commercial Affairs

Every day, we welcome approximately 2.4 million people to our stores. Therefore, at Żabka, we feel responsible for the customer. We save them time. A two-minute visit is all it takes. Our stores are being built in convenient locations. We enable an easy selection of goods, and we also provide the opportunity to use additional services...and even to drink a hot coffee.

## We subscribe to a modern lifestyle

Żabka's mission is to create value by simplifying people's lives. Our stores are always nearby or along the way. We improve the quality of life of our customers thanks to quick and convenient shopping options, the availability of necessary goods and the opportunity to access essential services inside our stores. Customers gain back time for other activities, such as rest, relationships with family and friends, and their passions.

### Creating products to make life easier

To fulfill this mission, we have adjusted our vision of development - Żabka aims to be the conscious choice for consumers, to be the preferred store for normal, everyday shopping and services, while also being an integral part of the local community. 69% of Polish consumers have noticed that life is moving faster, close to 50% have less and less time, and the part of the population working over 50 hours per week is increasing.

To meet the needs of our clients, we are developing the selection of our own products, with already 360 available.

The Research & Innovations team is working on products from our own brand, which are one of the hallmarks of Żabka. This is why we try to provide an offer of the highest quality, constantly monitoring trends, searching for new flavors and solutions, and using available innovations and knowledge. We do this in accordance with the highest standards of quality and hygiene, which is ensured by the Brand Quality Assurance Team.



According to our consumers, **Foodini**, our new brand of liquid snacks, was an immediate success. Foodini is a fruit and vegetable smoothie which sometimes contains cereals and herbs, available in a variety of flavor compositions. From the start, it won over a group of devotees. Foodini suits their lifestyle. Customers compliment our drink for

its natural, fresh ingredients, simple composition, HPP technology (a departure from pasteurization), the nutritious and filling effect on the body, and the packaging form. The transparent bottle is made of 100% recycled materials.

Foodini became our hallmark product last year, but our offer is much wider. We suggest that customers start the day at Żabka with a fully nutritious sandwich with the friendly name of **Tomcio Paluch**, which comes in many flavors and in various shapes. It can be a baguette, a roll or triangle. Through this offer, we give consumers the opportunity to choose the form and content of their food. However, in the middle of the day or afternoon, we encourage them to try a prepared meal from the **Szamamm** series or a **Dobra Karma** salad with both meat and vegetarian options. We have eliminated preservatives in both brands. We also invite you to try our **Haps** snacks, GoodMood, and lemonade from the **Wycisk** brand.



However, we cannot limit ourselves to the existing original menu of products and ready meals. We want to modify and enrich it based on our customers' immediate needs and constant habits. We know that they are looking for healthy and tasty meals that are both original and inexpensive, suitable for all times of the day and year, and individually tailored. Therefore, we are actively expanding the category of ready meals through Quick Meal Solutions (QMS).

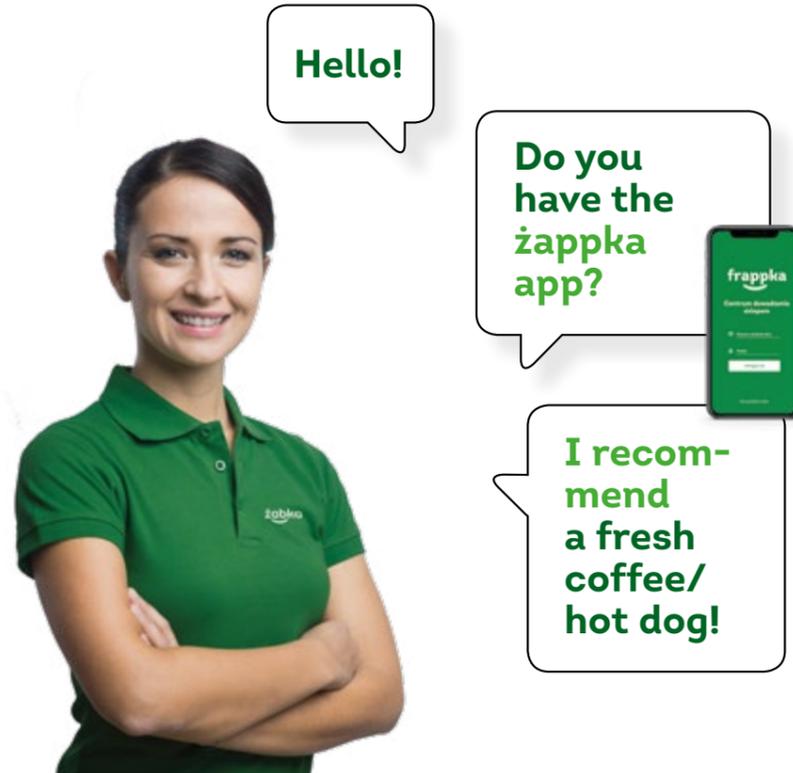


We integrate our knowledge and ideas with the creativity of students of specialized faculties as part of the **Creators** program. In the first edition, we established cooperation with the Faculty of Commodity Science at the Poznań University of Economics, next we were joined by the University of Life Sciences, and finally University of Zielona Góra.



We want to be sure that our brands' offer meets the tastes of various customers. Therefore, before our brands' products hit the shelves, they undergo numerous consumer and sensory tests. Through the **Product Testers**, employees and a select group of Żabka franchisees can help with this process.

Volunteers regularly receive products that we want to introduce for sale under our own brand, from Żabka Café to Foodini. They try and evaluate them on the basis of sensory experiences, then fill out specific surveys. In addition to receiving attractive compensation they receive a unique, priceless bonus – the awareness of their impact on the selection of assortment in their store and the whole chain. For Żabka, this is a way to double growth: the number of sensory tests and amount of team involvement in offer creation.



## We care about the quality of our offer

Even the best products need support at the point of sale in the form of good labeling on the shelf and competent, friendly service in the shop. To improve the quality of customer service and their satisfaction in 2019, we continued the implementation of the **Mystery Customer** research program. Our partner in this project is Grupa VSC a renowned market research company. In October 2019, we broadened the formula of this offer.

In this study, we collect customer feedback on the appearance of the store they visited and the culture of service. We compare them with our customer service standard. The conclusions allow us to self-reflect and improve the poorly rated aspects of service. The inclusion of a store in this project is preceded by training

for franchisees. The program was launched at 500 Żabka points selected based on their location, turnover, and segment. In October 2019, we launched 170 new stores. The results of both tests, at 500 and 170 locations, have allowed us to note an improvement in the quality of service, which is why we are continuing the study. Its formula is dynamic. We are constantly working on creating new cases and scoring which will objectively assess the areas studied. Our intention is for the Mystery Shopper program to include the entire chain in 2020 and to become a helpful tool for franchisees to support team motivation and help maintain high service standards.

**The common denominator for all our activities involving the customers is unique, as it is twofold. It is made of the harmonious pair of words: "quality" and "responsibility." One complements the other. The quality of Żabka's own products and the high technological level of our services coexist through responsible sales, promotion of rational shopping and a healthy lifestyle as well as concern for a common future.**

## We support healthy and environmentally friendly lifestyles

**We promote responsible palm oil production for the sake of our planet's natural resources. In a reality where tropical forests are cleared for palm oil cultivation and animal habitats, especially those of orangutans, are destroyed, we choose to move away from this raw material or to obtain it only from legal, sustainable crops. There is no palm oil in the our own brand products, as we were able to fully eliminate it from our products in 2019.**

We are signatories of the Polish Coalition of Palm Oil Sustainability, through which we work to increase awareness of sustainably sourced palm oil.

**At the same time, we work with brand suppliers to ensure that we only use certified oil, obtained from legal, sustainable RSPO (Roundtable on Sustainable Palm Oil) plantations.**



We promote responsible shopping and we build consumer awareness not only by reducing palm oil in products, but also by helping customers make independent and informed consumer decisions and implement a modern lifestyle. The packaging includes appropriate labeling and information about our store brand products. We verify products by checking how the components, elements and semi-finished products used to manufacture them are obtained. We list their contents, especially regarding substances that are associated with a negative influence on the user or the environment. Therefore, we inform customers about the presence of palm oil – and if so, we list the source, preservatives. We also provide characteristics such as „no added sugar”, „gluten-free”, „lactose-free”, „vegetarian”, „bio product”, or „healthy product”.

To support environmental protection together with our suppliers, we are working to extend the portfolio of reusable packages. We promote the idea of **reusing bottles**. Customers can return selected glass bottles purchased in Żabka and at the same



time recover the deposit. To support environmental protection together with our suppliers, we are working to extend the portfolio of reusable packages such as through our bottle return system.

An unmistakable icon showing two parallel arrows pointing in opposite directions placed on the drink label and on the receipt is a signal to customers the bottle can be returned at our location if the customer has a confirmation of purchase, or it can be exchanged for another drink without having to show the receipt. In 2019, the percentage of materials recovered from products sold and their packaging was over 100%\*. Over 14 tonnes of Żabka's waste have been recycled, and a similar volume of waste was reused (including reusable energy).

\*In 2019, our company received from the environment more materials than it produced.

304-2

416-1  
417-1

301-3  
306-2

We continue our efforts to **reduce the amount of plastic in Żabka brand packaging**. For some time, we have been selling our hot drinks from Żabka Cafe in cups made from plant based resources. This model is the plant based Future Smart™ Plant Cup, from the Huhtamaki company, which is designed in accordance with a pro-ecological approach to nature. Coffee in Żabka is also carefully sourced. We grind 100% arabica beans for our customers. They are Rainforest Alliance Certified.

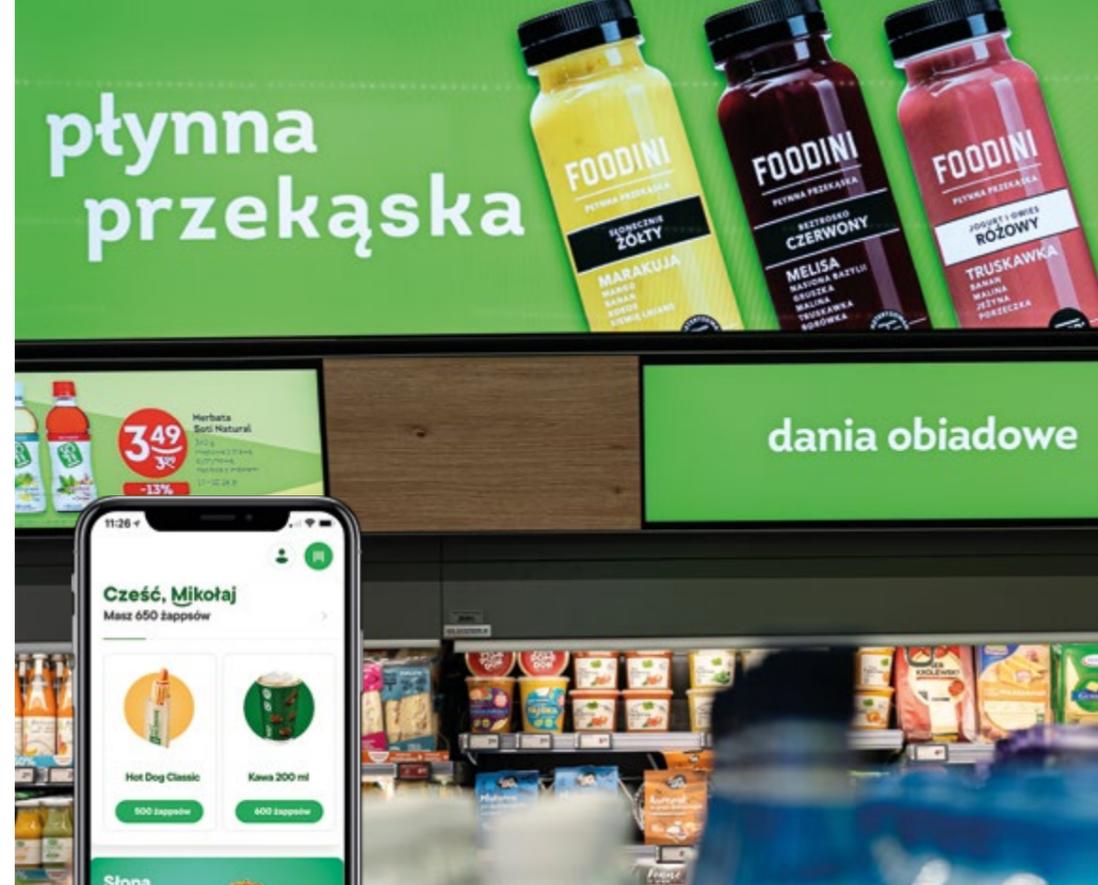


In 2019, we implemented another concept to reduce plastic. We reduced the weight of our Tomcio Paluch sandwich packaging by 20%. We calculated that this allowed us to eliminate 3 tonnes of plastic from the environment.

## We are a step ahead of the rest

Innovation is the driving force behind all contemporary change. In Żabka, it sets the course of development. The program **"Store of tomorrow"** is our flagship project leading to advanced digitization, implemented with the support of Microsoft. We are including customers, franchisees, and the facilities of our entire chain in this program. As part of the project, we are looking for solutions that allow us to optimize the location and equipment of our locations, control logistics, comprehensively inform about the assortment and choice of services, and ensure data security.

In our relationship with our customers, we want them to have the best shopping experience through the technological solutions we introduce. An example is the system of dynamic communication with the client as part of the "Store of Tomorrow" program, **Digital Signage**. The system allows deeply contextual communication with the customer, as in the example of weather - in hot weather we can advertise ice cream and refreshing drinks, and when it's cold - a cup of hot coffee and a hearty sandwich. It is created by replacing static posters and information with smart screens displaying variable content that adjusts automatically. They inform the customer what product they should buy at a given moment to complete their basket or to make themselves feel better. Digital Signage not only allows us to develop our client communication, but also to lessen our environmental footprint. We avoid printing and distributing posters.



We participate in the world of innovation, but we are grounded in the surrounding reality. We see modern technology as more than just digital inventions, but also as a prudent attitude to the world, in response to both our immediate surroundings and the global community.

The Żappka app is very popular among our customers. It took only a month from its launch for us to announce that it already has a million users. Thanks to Żappka, customers buy their favorite products at lower prices, receive personalized discounts and attractive rewards.

### The app has been recognized by both clients and the market in general.

In 2019, we received the Gold Retail Innovation Prize in the category of B2C applications, and we received two awards in the Mobile Trends Awards 2019 contest, where we were recognized for creating an app responding to the needs of clients, along with providing good aesthetics and a high level of functionality.



## 100% rPET bottles

We are the first retail network in Poland whose own brands hit the market in bottles made entirely of recycled PET materials, or rPET, which is polyester made from used bottles that have been properly processed. This results in a pro-ecological material.

In 2019, we conducted intensive work to implement this solution into our

chain so that in 2020, we could start selling our own brand products in a new, more environmentally friendly packaging.



At the beginning of 2020, we launched Foodini and Wycisk brand products in these bottles, and in the spring, our novelty functional S! shots. In the first quarter of 2020, we introduced 2 million of our drinks in bottles made entirely of recycled materials. We are working on further propositions of store brand products served in rPET. We want to add them to our offer in 2020.



## We sell responsibly

**As a socially responsible company, we model our behavior to our franchisees and their sales staff by building good relationships with customers, caring for the selection of ingredients in our products, initiating environmentally friendly programs and encouraging the participation of our clients and all our partner groups.**



We have prepared training courses on responsible sales of alcohol on our e-learning platform. Clerks and cashiers must know how and when to refuse alcohol sales at Żabka stores, and they must be aware of why their assertive attitude is so important during these difficult moments. First of all, the law prohibits the sale of alcohol to minors, and secondly - we have an obligation, at all levels, to react to inappropriate behavior. The platform provides step-by-step tips on how to proceed in a kind but firm manner.



In cooperation with the RoPSAN organization (Parents Against the Sale of Alcohol to Minors), we check if cashiers are ready to refuse to sell alcohol to young people under 18, basing the Mystery Shopper test on a randomly selected sample of locations.

Żabka's list of activities addressed to customers also includes a shopping optimization program, especially involving food. Large amounts of food are wasted in modern societies. Each Pole produces about 235 kilograms of wasted food per year.

Therefore, in July 2019, the Sejm adopted an anti-food waste law, which obliges stores to pass on unsold food to social organizations. Although the law applies to large-area stores and does not apply to smaller ones like Żabki, we still feel responsible for this matter.

We feel that as a large retail chain, we should educate consumers and help them develop rational shopping habits, as well as share surpluses with those in need. We have a set of multidimensional activities to fight food waste. First, we work with the Caritas Foundation and the Federation of Polish Food Banks to donate food. Secondly, in accordance with the philosophy of the convenience

format, Żabka promotes small, but frequent purchases. This model helps customers limit themselves to what they really need, without unnecessary overbuying. We support our customers in this endeavor by introducing perfectly sized product packaging. We also systematically restock special shelves for items near their expiration date.



**Banki Żywności**

## Cooperation with Caritas and Food Banks

We have been cooperating with branches of Caritas and the Federation of Polish Food Banks for several years. In 2019, we donated over 282 tonnes of food to these organizations. Not only do we support the neediest in our country by providing nutritious food, but we are also adhering to the crucial idea of avoiding food waste, consistently adhering to the principles of our chain.

We find it important - both globally and locally - that products with a short shelf life are not wasted or thrown away, because if they are intercepted early enough, they can help millions of people waiting for help. Food is distributed from Caritas and Food Banks to local communities through various facilities, including canteens, socio-therapeutic community centers, and homeless shelters. Żabka products are used to prepare hot meals. Food is also transferred directly to specific people and families in the form of packages.

**Our distribution centers in our network systematically cooperate with Caritas and Food Banks.**



3



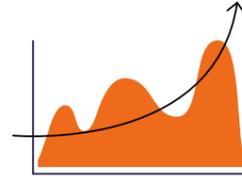
**A franchise chain  
with solid  
foundations**

## Key figures



Number of franchisees

**4362**



Franchisee NPS rose by

**12 p.p.**



Number of initiatives on behalf of franchisees completed in 2019

**53**



2019 was when we conducted our **first**

Board of Franchisees elections



Over

**210,000**

training hours for new and current franchisees



Franchisees are as important to us as the customers. There would be no Żabka without both groups. Thanks to our business partners, consumers can interact with our brand. That is why we care about the most technologically advanced tools to facilitate the work of franchisees, creating an attractive offer. The goal is to design the most accessible franchise model in Poland.

Our franchisee community has exceeded 4,000 members throughout the country. They are a group who is committed and focused on success. Every day they gain experience, and with this experience comes the knowledge of Żabka's customers. They have many observations and conclusions about the needs and behavior of consumers.

In March 2020, changes in basic income that were approved last year came into force. We have raised the income values from 15,000 PLN to 16,000 PLN, and we have extended the time period to which it applies from half a year to 12 months. We are aware that beginner entrepreneurs and new businesses especially need support before they become independent. If the franchisee's revenues do not exceed the amount specified, he or she may use our "insurance" and safely focus on the development of the facility.



**Adam Manikowski**  
Chief Operating Officer

## An effective and proven operating model

Żabka's business model is based on the franchise. This is why we care for our franchisees from the moment they express their interest in taking on this role. We help them take the first steps and we vigorously support them in all subsequent stages of growing their businesses. We create conditions for the professional development for franchisees, monitor their satisfaction and are open to their insights.



The community of Żabka franchisees includes

**4362 people**  
in Poland.

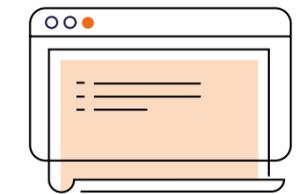
The income generated by them is one of the most important factors in the accounting of Żabka's profits and losses. Recognizing the key role played by our business partners in achieving success, we implement a vision of development based on an original program. We call it "franchisee-centricity."

## Path to opening a Żabka store



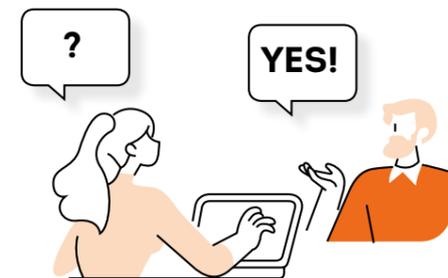
**1.**

A franchisee candidate should go beyond wanting and wishing. They should have three qualities: a pre-disposition towards retail work, motivation, and strong interpersonal skills. If they can tell themselves **„Yes, I have these qualities,”** three times, they can take the first step.



**2.**

They fill out the application (at [www.zabka.pl](http://www.zabka.pl)).



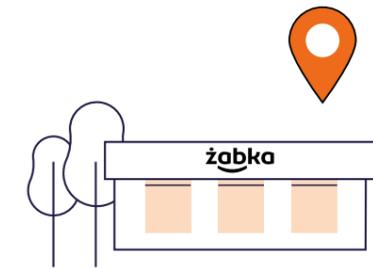
**3.**

They come to their first interview, whose purpose is getting to know each other and verifying the readiness of the candidate.



**4.**

They have their second interview. They can ask detailed questions about cooperation, indicate their localization preferences (Żabka provides stores that are fully furnished and equipped. It provides logistics support.)



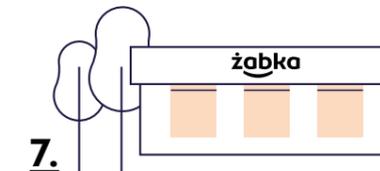
**5.**

The candidate completes a two-week training at the training store. They also prepare documentation necessary for signing the contract and opening their store.



**6.**

They register their company and sign the contract. They are able to use the special start offer (16,000 PLN).



**7.**

Grand opening! The franchisee covers the costs of joining the chain, the cash register, sourcing of regional products and a liquor license. This is about 5,000 PLN.



**8.**

Our franchisee is an independent entrepreneur and builds their team. The chain takes care of their satisfaction with work conditions and cooperation, tools used, internal communication, accounting system, workshops and career paths..

## Practical knowledge

The development of one's own business in with Żabka is an option for everyone. The candidate's determination combined with the support of the organization bring the right effects. We provide financial security for the first six months after the store opening, guaranteeing a minimum income

From the very beginning of our cooperation with the franchisee, we understand the importance of relevant practical knowledge that helps in running the facility later. Two mentor-partners visit the newly opened store: a training specialist and an auditing specialist. The training specialist provides on-site training workshops for the first month after opening, while the auditing specialist checks whether chain standards related to the display of goods, customer service and price markings are maintained. We provide franchisees with free, thematic training in the form of lectures and workshops conducted throughout the country as part of the Żabka Academy. We offer a choice of 40 educational packages. We make sure that the franchisees choose most suitable packages that will be useful in later work. Practice for the daily challenges of managing a store is provided by a network of over 170 franchisee-coaches, who have been certified to help new franchisees manage stores.

We provide access to an e-learning platform for smartphones, thanks to which they can watch instructional videos, among other things. Their topics may seem basic, but this is the kind of knowledge that is most needed, especially in the beginning. Topics include how to use the register, how to prepare a dish for takeout or how to activate a starter on a phone.



## Franchisee-centricity in practice

Franchisee-centricity is our philosophy, a set of values, and concrete actions. We systematically search for the best tools and solutions to support our franchisees first in their entry into the community, and then in their everyday tasks. We want to facilitate the process by making it more efficient and satisfying. Additionally, we encourage franchisees to link their careers to Żabka. We want everyone to feel that we are there for them and to see our relationship in a wider perspective as get to know their family and the local community in which they operate.

### In 2019, we implemented 53 initiatives on behalf of franchisees

One of the most important franchisee-centric initiatives implemented in 2019 was the launch of the Franchisee Support Center (CWF). It was created in response to the need reported by franchisees for quick specialist assistance to resolve individual problems arising in everyday work regarding financial settlements, for example IT support.

Initially, CWF focused on these two basic areas: IT and finance. To contact the Franchisee Support Center, franchisees can call or use the website. One phone number covers all issues. The website enables application status tracking and of communication with a specialist. E-mail notifications inform franchisees about the progress made in solving the problem.

We consider CWF a big step in improving and simplifying the work of franchisees, after the launch of the Frappka app. The two initiatives are correlated. We have included the CWF in the Frappka menu. A fun fact is that the app opens when the phone is shaken. This is one of many features of this app.

The next two important initiatives are the implementation of Intervention Service Groups (IGS) and the development of the Justified Cost Model (JCM). The goal of the first initiative is to ensure quick and effective removal of failures in the store and to minimize repair costs. Intervention Service Groups began their operations in June 2019. The first city covered by IGS services was Poznań, the next after a month - Wrocław, and then in September - Warsaw.

JCM is a practical solution that helps franchisees effectively manage personnel and employment.

## Frappka App

Frappka provides comprehensive assistance for store management, for example by providing access to real-time information from cash registers, allowing for an analysis of best-selling products, sending reminders for when employees begin or finish their shifts, facilitating contact between franchisees, field employees and sellers, reporting store opening hours on non-commercial days, and many other functions. It has become an indispensable tool for franchisees. It has 3,700 active users.





Simple operating principles also characterize our **New Billing System (NSR)**, which was established to simplify a key question for our business partners – calculating the level of income. Among other things, the system accessibly shows franchisees the relationship between increase in turnover and increase in income, along with the direct relationship be-

tween the premiums and discounts and the sales levels. It also guarantees that stores with lower turnover receive starter or development discounts, which provides the franchisees with a sense of security. In strategic terms, the NSR promotes and supports the sales of fresh products, mainly in the QMS (Quick Meal Solutions) category, for which the

premiums are highest, amounting to 15%. This is consistent with Żabka's current image as a store that always offers fresh, innovative products and ready-made culinary solutions for every time of the day.

## Natural connection

4,000 of our stores have joined the „Natural connection” program. In this program, we collect foil and paper from franchisees. The recyclable materials are sent for processing. They go to the warehouse, where they are inspected and weighed, organized into bales, and then transferred to an external company that provides transport to the recycling site. In 2019, we submitted over 900 tonnes of foil and over 7,000 tons of paper and cardboards for recycling.

The program has several dimensions. First of all, it benefits nature itself, contributing to the recovery of raw materials. Secondly, management of the waste stream becomes easier for franchisees. We save their time. They do not have to find a company that sorts separated waste or report on the export of recyclable materials themselves. Participation in the program is voluntary. Each franchisee receives a starter kit (bags and label with store information and waste type).

In 2019, we gave over **900 tons of foil and over 7,000 tons of paper and cardboards for reuse**





## Continuously perfecting the quality of cooperation

The **NPS (Net Promoter Score)** is an indicator used in the cyclical Franchisee Satisfaction Survey which measures the successful implementation of our franchisee-centric assumptions. NPS measures the extent to which franchisees would recommend cooperation with Zabka, and it serves as a barometer to measure business partners' levels of satisfaction regarding their cooperation with the Żabka chain.

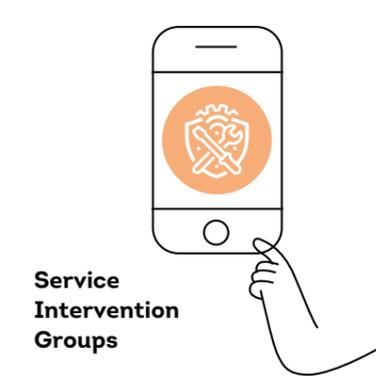
We also use the franchisee satisfaction survey to assess changes made and to mark areas of cooperation that still need improvement. We primarily develop the areas that are indicated by the survey as requiring special attention. These include finances, franchisee workload, and operational cooperation with the chain.

Results of the study carried out in June 2019, which included nearly half of the franchisees, proved to be better than the responses obtained in its previous edition. There was a 7% increase in respondents' satisfaction and a 6% decrease of negative reviews. The November edition of the survey elicited a record number of responses, as 3,000 franchisees expressed their opinion. A year-end survey summarizing 2019 confirmed the increase or maintenance of levels of satisfaction with cooperation with all departments.

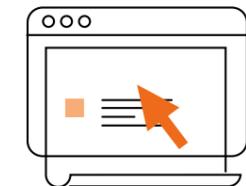
The most highly rated by our partners was the IT Department. The Technical Department recorded the largest increase in satisfaction.

Franchisees inspire us to provide concrete solutions. For example, we responded to their requests by establishing the Monitoring and Analysis Team within the Security Department. For franchisees, a single point of contact is very convenient for reporting issues related to store security.

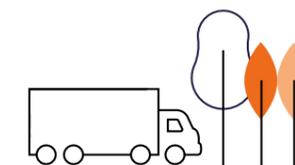
Franchise coordinators organize meetings with representatives of franchisees and the Board of Franchisees at the company's headquarters. Rather than focusing on setting further milestones, such as the Frappka app or the Franchisee Support Center, we take on smaller initiatives necessary for the optimization of daily work. We introduced several improvements in 2019 within the category of franchisee-centric projects by implementing the following:



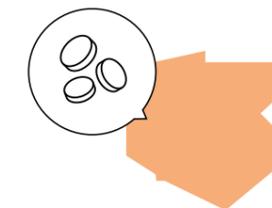
**Service Intervention Groups**



**Launch of a platform for ordering hygiene products and office supplies from Lyreco**



**Continuation of TMS activity - increasing the efficiency of delivery logistics**



**The search for the best model of cooperation with accounting services across all of Poland**



**Modernization of the Żabka Café booth to improve ergonomics and work conditions while providing customer service**



**Fine tuning of the Justified Cost Model to increase efficiency in resource management**

Żabka's business model uses a modern system combining the entrepreneurship of franchisees with the advantages of a large organization, such as recognizable branding, purchasing power, a consistent assortment, full logistics, and a marketing service. In addition to the striving for the continuous improvement of the quality of cooperation with our current franchisees, we also care about promoting entrepreneurship in our immediate environment.

We know that to ensure our business continuity we must involve the young generation entering the labor market. By combining our business goals with a sense of social responsibility, we have worked with the Fundacja Samodzielni Robinsonowie to implement a program titled **Safe Internship at Żabka**, which is geared towards young people at risk of social exclusion.

**The Foundation's proteges undergo internships under the guidance of long-term franchisees at select locations within our chain. We provide double protection: both a mentor and an internship supervisor. The internships are paid, with Żabka providing the funding.**





**Shared  
goals make  
a committed  
team of  
employees**

## Key figures



Number of employees

**1702**



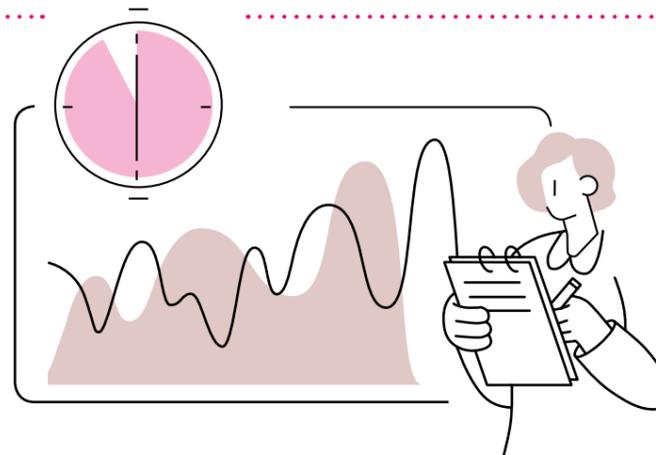
In 2019 we hired over

**400**  
new employees.



Engagement indicator: the increase in results compared to last year was over

**0.6 pts**



In 2019, the total number of training hours was over

**27,000**

which is nearly 12,000 days.



Żabka hires and directly creates

**20,000**



"Together" - the title of our company newspaper perfectly defines what we strive for in our interpersonal relations, both within the company, between employees and coworkers, our business partners and customers, as well as the local communities.

The whole team carries out its daily tasks with consideration for the company's values: ambition, openness, responsibility and credibility. By acting in accordance with our values, we care about a positive attitude towards ourselves, introduce technological innovations and new projects, train, build a positive image of the company within our local communities, and support Żabka's activities for sustainable development.

We share our knowledge and good energy with others. We are also together "after hours." We organize important and interesting events and invite our neighbors. We show how to live a healthy and safe life.

Żabka is defined by its openness to lifestyle changes and the challenges of present-day life, as well as responsibility for the working conditions, surroundings, and work environments of our people. We are reliable and ready for dialogue. By placing your trust in Żabka, you can plan an ambitious career and your future with us.



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

## A committed and well-integrated team

**A committed team can lead a company to success. Through concrete, diverse actions, Žabka energizes all of its employees. It provides them a safe space of set values and standards, modern work tools, a sense of independence and responsibility, as well as opportunities for promotion.**

MBO, or Management By Objectives, is a management system with a motivating function that provides effective results at Žabka. Supervisors and employees systematically set goals and tasks together. Thanks to this cooperation, all employees feel that their participation is indispensable to the common goal that unites the entire department, or even the whole organization.

Therefore, Žabka encourages employees to build professional relations through physical activity, including team sports.

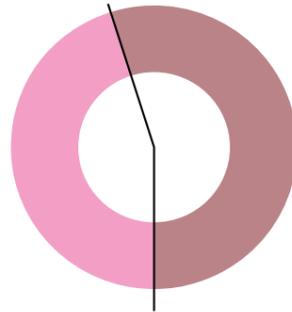
**Numerous benefits mean that employees can imagine their future development at Žabka. This approach also provides an attractive external image of Žabka as a dynamic company that responds to the challenges of modern reality, and is also worthy of trust.**



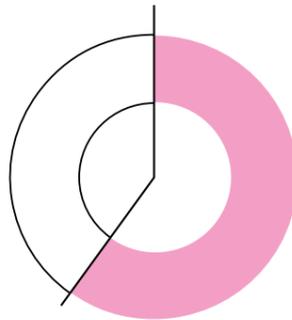
At Żabka, we employ almost

**1700** people  
at the headquarters and  
logistical centers

About  
**45%**  
of those employees  
work at our company  
headquarters



**55%**  
of those employees work in  
our logistics centers



Over  
**60%**  
of employees are men

Almost



employees are on an  
unlimited duration work  
contract

**100%**  
of managerial staff  
comes from local,  
Polish market



**Total number of employees in 2019  
by gender and period of employment**

	Women	Men	Total
Temporary employment	140	302	442
Permanent employment	523	737	1260
<b>Total</b>	<b>663</b>	<b>1039</b>	<b>1702</b>

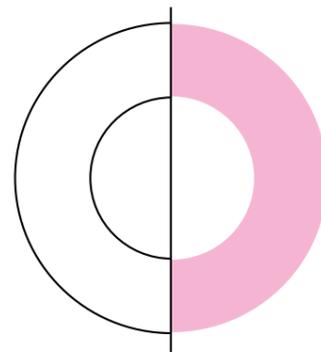
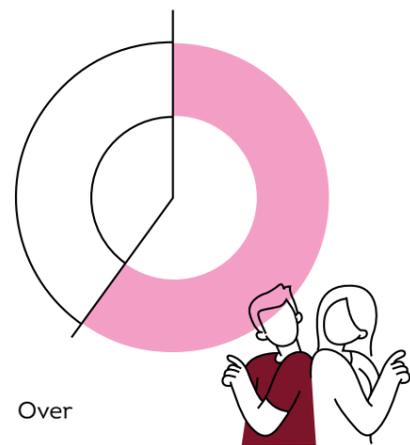
**Number of employees in 2018  
by period of employment and region**

	Headquarters	CL Będzieszyn	CL Gliwice	CL Nadarzyn	CL Plewiska	CL Tychy	Total
Temporary employment	140	44	119	72	43	24	442
Permanent employment	626	123	45	142	174	150	1260
<b>Total</b>	<b>766</b>	<b>167</b>	<b>164</b>	<b>214</b>	<b>217</b>	<b>174</b>	<b>1702</b>

**Number of employees in 2019  
split by employment type**

	Women	Men	Total
Full-time	658	1036	1694
Part-time	5	3	8
<b>Total</b>	<b>663</b>	<b>1039</b>	<b>1702</b>

In 2019, we hired over 400 new employees, which means that new employees make up over a quarter of Žabka's team.



We most often employ young people (below 30).

In 2019, this group comprised

**50%** of all new hires.

Total number of newly hired employees in 2019 by person

	Number of employees	Number of newly hired employees	Percentage of newly hired employees
<b>Gender</b>			
Women	663	143	21.57%
Men	1039	285	27.43%
<b>Total</b>	<b>1702</b>	<b>428</b>	<b>25.15%</b>
<b>Age groups</b>			
<30	555	234	42.16%
30-50	1045	185	17.70%
>50	102	9	8.82%
<b>Total</b>	<b>1702</b>	<b>428</b>	<b>25.15%</b>

Total employee departing in 2019 by person

	Number of employees	Number of employees departing	Percentage of employees departing
<b>Gender</b>			
Women	663	55	8.30%
Men	1039	153	14.73%
<b>Total</b>	<b>1702</b>	<b>208</b>	<b>12.22%</b>
<b>Age groups</b>			
<30	555	76	13.69%
30-50	1045	115	11.00%
>50	102	17	16.67%
<b>Total</b>	<b>1702</b>	<b>208</b>	<b>12.22%</b>

Since 2018, we have been improving our relationships based on the results of the Gallup study, which provides knowledge about the degree of employee commitment. By comparing 2019 to 2018, we have recorded a clear improvement of the base indicator.

401-2

The level of engagement rose to **4.09** (measured with the average score from 12 questions, on a scale from 1 to 5), which indicates an increase by over **0.6 points**

compared to 2018 (with a statistical average of 0.2%).

Cs  
Case study

## We trim hedges

The slogan „We trim hedges” indicates our intent to improve cooperation and communication between departments in the near future. We were inspired by paintings depicting houses at a single housing estate, all tightly covered with hedges, behind which everyone leads their own separate lives. We noticed that this is also the case at Žabka. We don't know each other well enough, so we can't draw on each other's potential. Thus, we want to „trim the hedges,” to open ourselves to other people and improve quality of our cooperation

Interestingly, the participation level of people who responded in 2019 was as much as **92%**. Thanks to the Gallup survey, we learn how to systematically raise this involvement. Step by step, we are changing our self-attitude. We are noticing others beyond our department colleagues, and we recognize their contribution to the development of the company. We are learning to express our gratitude.

We support employee engagement through the benefits catalog available regardless of their type of contract. It includes sports packages, medical packages, and group insurance. The availability of benefits does not depend on working time or the nature of the contract, except for the Employee Pension Program, which employees can join after working with us for three years.

In 2019, we worked on implementing a feedback culture at Žabka. We have been learning cooperation based on **Scrum and Agile**, which means that new ideas are created by teams with complementary competencies. Their members discuss and make improvements on subsequent stages of their work in an open atmosphere. Thanks to this, they can make quick progress and reach common goals.

Also, their level of involvement is growing.

At Žabka, we hear out the concerns of our employees and constantly measure their satisfaction level. We also take responsive action to criticism and try to create a common workplace that provides satisfaction and contentment. The analysis of the engagement study has concluded that areas that require attention are mutual appreciation and how we celebrate success. In response to these signals, in 2019 we established a campaign called **Chwaling Days** („Days of Praise”). During this time, everyone, regardless of position and function, both supervisors and employees of various departments, thanked each other for their effort, good attitude, and ideas through traditional telegrams. In this way, we wanted to get to know each other better and show more appreciation. In „Together,” our monthly newsletter, we published a series of articles about intelligent complementing and its motivational power. We are considering bringing back Chwaling Days („Days of Praise”) after modifying the form.

Our new headquarters helps our employees integrate with each other by providing a space for meetings, relaxation and the exchange of thoughts. Its formation is a result of the Gallup study, in which employees expressed a lack of space.





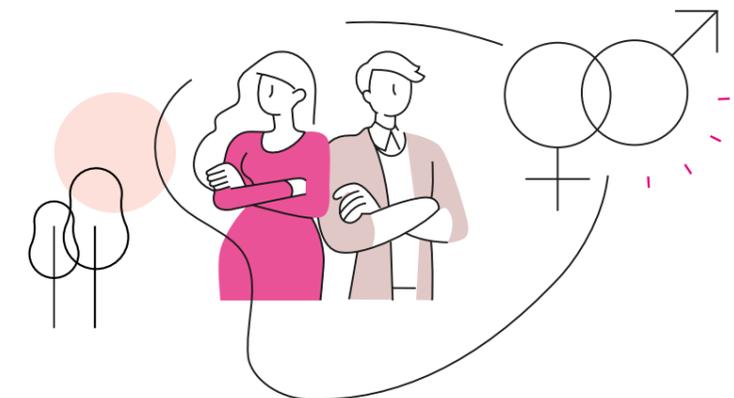
## Diversity is our asset

In accordance with its values, Żabka cares for all its employees. We appreciate the ingenuity of new employees and the experience of older ones. We create an integrated work environment. At any time, every employee can initiate a project, simplify or build on an existing solution or improve organizational culture. Open internal communication between the management, supervisors and the entire team is part of our organizational culture.

In addition, we include anti-discrimination policy in our work regulations. We conducted a survey among our employees asking about diversity in our organization. Its results will allow us to see employee relations at the company at all levels and react if unequal treatment of employees who perform their duties equally occurs for any reason, such as gender, age, family status or views.

Our payroll policy, adopted in 2019, confirmed the value of creating an organization based on diversity by regulating this issue within our company. A salary at Żabka depends only on competence and results, and not on gender.

Aside for our internal regulations, we also ensure that the requirements of labor law are met. In 2019, the lowest wages in our company were higher than the minimum wage of 2,400 PLN. In the case of women, the ratio of the lowest wage (average of the lowest wages in the company by gender) to minimal wage in Poland was 1.12, while for men it was 1.53.



## Development outlooks and career paths

Žabka employees can participate in training through the Žabka Academy. Thanks to the program, they can gain professional, practical knowledge, team relationships, and an increased understanding of their role and Žabka's operating model. We want the workshops to show them the opportunities for development within the company, promotions, and broadening of competences in new areas.

404-1

In 2019, each Žabka employee completed an average of 16.3 hours of training, while the total number of training hours at our company reached 27.7 thousand hours.

In 2019, women spent a total of 9,000 hours on trainings, and the average number of training hours per woman is 13.5. In the case of men, the total number of training hours in 2019 was over 18,000, and each employee went through 18 hours of trainings.

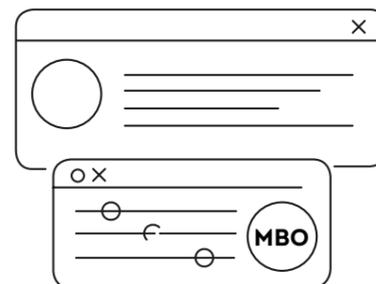


In addition to the traditional form of workshops, which take place under the guidance of Žabka coaches, and the support of external experts in our chain stores, merchandising or logistics centers, we also offer onboarding training through **21 original themed modules**. This model of training lasts six months and engages the employee for two hours per week. After completing the course, we expect feedback. We want to know what information was lacking, and what difficulties were encountered.

We have enriched the Žabka Academy by new formats to develop managerial skills. They include the ABC Manager Training program, during which we introduce new supervisors to their responsibilities. In 2019, we established the **New Training Program**. Its purpose is to support associates joining our chain, for

example in the positions of partners or auditors. We also organize training sessions for operational staff. We have also launched the **Development Training Team** made of coaches with a wide range of coaching experience. It is aimed at partners who will one day be coaches themselves.

In addition to an annual review with their supervisor, as part of the Management By Objectives (MBO) model, employees receive grades based on their results in achieving goals.



## Development Program for On-field Personnel

Žabka's new training concept is the On-Field Personnel Development Project, which has been developed and implemented in the Sales Department in cooperation with the Department of Personnel. In 2019, we carried out two editions of this program.

The project involves people who take a broad look at the problems and challenges of their regions, are in positions of authority, set a good example for others, strive for the best results, enjoy challenges, want to share their knowledge and have a greater impact on processes within the company. One of the most memorable stages of the program is the assessment of the competencies they need to develop to perform tasks in a new role. It is carried out by a group of specialists, a team of assessors, through the Assessment Center.

After its first edition, 27 sales partners received promotions and 5 sales managers received Senior Sales Manager positions. However, the potential for promotions does not stop there. Participants are being prepared for functions with even more responsibilities, that's why they will attend further training programs to strengthen.





## A healthy body

Health and safety are a priority at Żabka. This is how we express we care about our organization.

By providing proper conditions during the many hours our employees spend with us, we help them avoid accidents. In 2019, we noted only 12 accidents among our employees (one injured woman and 11 men) and 21 among partners (10 women, 11 men). The severity of these accidents was low.

We also show our care for health and safety through educational events, such as by organizing the **Health and Safety Days**. Their program includes consultations with nutritionists, counseling in workplace ergonomics, relaxation exercises, massages, and other activities. Żabka employees also receive sports benefits, such as MultiSport and OK System memberships.



403-2

## Żabka Sports Team

Żabka strives to make fitness attractive to its employees. Concern for their health, physical fitness, and a positive attitude to work and life are a part of our company's value system. We have our own Żabka Sports Team made up of employees and partners. Żabka's 100 employees at the Logistics Center in Tychy are represented by a large team of twenty people.



The Żabka Sports Team is primarily made up of passionate runners, cyclists, and triathletes. We also have basketball and football teams and volleyball enthusiasts who meet at practices. Some have been training for years, almost professionally. Others are just starting out and testing their capabilities. Everyone is welcome on the team. They practi-

ce outside of working hours. Żabka rents out two sports halls in Poznań and sponsors competitions that take place twice a month on average. These are usually running events, but our basketball and football players participate in games within the industry amateur league.

Cs  
Case study

## In search of young talent

Żabka is already looking ahead and building up its future staff. The process starts as early as high school. We run internships for schools specializing in commerce. During the classes, we show Żabka's strengths, such as project activities introduced throughout the organization, the opportunities to test technological innovations, development of openness, and the Scrum and Agile cooperation systems. Our specialists also conduct classes in cyber security and career counseling.

We cooperate with universities on a larger scale. Żabka is a member of the Partner Club of the Poznań University of Economics. We offer students various options for gaining practical skills.

For over two years, students of the Poznań School of Logistics have been undergoing internships at our Logistics Center as part of the **dual studies**. We want them to have experience in logistics in their industry of interest before entering the labor market.

We run the **Product Creators** development project in cooperation with three universities in Poznań: the University of Economics, Adam Mickiewicz University, and the University of Life Sciences in Poznań. Participant-creators create QMS products from beginning to end, up to the packaging.

The Higher School of Banking (WBS) is developing two doctorate programs based on data analysis in logistics and pricing within Żabka. These PhD programs may provide a valuable source of information.

We organized a student contest called **Embrace Big Data with Żabka**, which was based on developing interesting and practical solutions through data science. The creators of the most interesting ideas were awarded with a trip to Silicon Valley.



**Żabka is an attractive place of work, a diligent employer, a company that ties business success with the well-being of its employees. We know that we must put in effort to deserve these titles. That is why we systematically carry out initiatives to improve our relationships with employees and colleagues from all departments and levels, regardless of the duration of employment and any other criteria. We carry this attitude over to potential future staff, and we are certain the investment will pay off.**





6-23/7

żabka



5.



# Our report





The corporate social responsibility report is part of one of the main values of Żabka Polska, openness and transparency. We care about active communication with our groups of stakeholders.

This document is one of the most effective means of communication. Thanks to the report, we can understand your needs and expectations, which then allows us to systematically fulfill them. By getting to know each other, we create a hierarchy of topics relevant to Żabka Poland and we also ensure that the organization's development is sustainable.

The report is a product of our business strategy, which we have already been adopting for some time. In current management and in short and long term plans, we are focused not only on achieving measurable profit and a high market position, but also on building a credible and lasting image of a company responsible for its people, industry, customers and the greater environment.

We hope that reading the report will inspire many important opinions and comments from stakeholders, which will have a positive impact on further reporting processes and on the substantive and visual improvement of subsequent editions of the report. Meanwhile, thank you to everyone who contributed to this historical, first edition.



**Alfred Kubczak**  
Director of Corporate Affairs



**Our activity would not be possible without a constant dialogue with stakeholders, who we engage in discussions about sustainable development by using different methods. The publication of the report aims to build relationships with key stakeholders.**

**The first CSR report of Żabka Polska Sp. z o.o. (henceforth called the CSR or ESG report) describes company initiatives concerning corporate responsibility and sustainable development in 2019.**

102-50

Some of these projects had already been launched earlier, while others debuted in the past year and are being continued. The report is also a way to examine their results.

It includes data from the whole calendar year, from January 1, 2019 to December 31, 2019, while data regarding the Management also includes information gathered until the end of the creation of this article, which is the middle of April, 2020.

**The report is in compliance with GRI Standards (Global Reporting Initiative) – the international standard for non-financial reporting in the CORE version.**

102-54  
102-56

It has not been subject to external verification. Its contents have been consulted internally to recognize the information needs of company stakeholders. After examining the issues and trends which are relevant to the retail-service industry which includes Żabka Polska, a matrix of topic significance was established

**This document includes all company units: the Headquarters and Management, logistical centres, Żabka stores located across the country, along with groups of stakeholders: employees, associates, business partners, especially franchisees, customers and their social environment. The following chapters of the report are dedicated to select groups of stakeholders.**

102-42  
102-45  
102-47  
102-48

The following page contains a map of stakeholders chosen based on their degree of engagement with our company.

Stakeholder Group	Method of engagement with stakeholder group
Clients and consumers	<ul style="list-style-type: none"> <li>• Žappka application</li> <li>• Advertising material</li> <li>• Press releases</li> <li>• E-mail</li> <li>• Franchise website</li> </ul>
Franchisees	<ul style="list-style-type: none"> <li>• Žappka application</li> <li>• "Razem" newsletter</li> <li>• Face-to-face meetings</li> <li>• E-mail</li> <li>• Helpline</li> <li>• Franchisee Support Center</li> <li>• Training workshops</li> <li>• Social events</li> <li>• Board of Franchisees meetings</li> <li>• Satisfaction survey</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Intranet, internal communication</li> <li>• "Razem" newsletter</li> <li>• E-mail</li> <li>• Face-to-face meetings</li> <li>• Annual evaluation interviews</li> <li>• Training workshops</li> <li>• Social events</li> <li>• Strategic and budget meetings for managers</li> <li>• Gallup survey</li> </ul>
Suppliers Business Partners Service providers	<ul style="list-style-type: none"> <li>• Control visits</li> <li>• Annual supplier conference</li> <li>• Audits of the safety and quality of food</li> <li>• Business meetings</li> </ul>
Local communities	<ul style="list-style-type: none"> <li>• Social events</li> <li>• Advertising materials</li> <li>• Press releases</li> <li>• Franchise website</li> </ul>
Media	<ul style="list-style-type: none"> <li>• Franchise website</li> <li>• Press releases</li> <li>• Press conferences</li> </ul>
Non-governmental organizations Associations	<ul style="list-style-type: none"> <li>• Meetings</li> <li>• Partnerships/sponsorships</li> <li>• Social events</li> <li>• Advertising materials</li> <li>• Press releases</li> <li>• Franchise website</li> </ul>
Public authorities Supervisory bodies Local councils	<ul style="list-style-type: none"> <li>• Press releases</li> <li>• Franchise website</li> </ul>



Stakeholder Group	Method of engagement with stakeholder group
Investor	<ul style="list-style-type: none"> <li>• Face-to-face meetings</li> <li>• Financial reports</li> <li>• Franchise website</li> </ul>

The content of the report was based on international guidelines, according to which we developed this document, including: the identification of important aspects of our business for stakeholders and its prioritization as well as its validation by Žabka representatives. The issues we have identified as significant are:

### Market Responsibility

- Offering safe and high quality products
- Good ingredients in store brand products (such as excluding of sugar or palm oil)
- Development of lasting relationships with suppliers, and transparency in their choice
- Maintaining high standards through quality requirements for suppliers
- Diligence in providing access to local products
- Responsible sales of alcohol
- Development of lasting relationships with franchisees (by providing modern work tools and transparent contract terms)
- Implementation of new technologies and innovations to improve business operations

### Responsibility in the workplace

- Care for the health and safety of employees, including promoting a healthy lifestyle
- Offering employees development opportunities
- Providing employees with equal opportunities for career development
- Guarantee of appropriate work conditions for employees
- Providing additional benefits (such as the MultiSport card)
- Shaping the ethical attitudes of employees

### Responsibility for the natural environment

- Reduction of energy consumption, efficiency of cooling and lighting systems
- Waste management (including packaging) - recycling and reduction of the use of plastics
- Implementation of environmentally friendly technologies/activities in the production and logistics processes
- Limiting the company's impact on the environment in offices and shops
- Pro-environment educational opportunities for franchisees, employees and customers (such as about waste segregation).
- Care for biodiversity, such as by reducing palm oil from company brand products.

### Responsibility for the social environment

- Counteracting food waste
- Encouraging a healthy lifestyle through proper nutrition and conscious consumption among customers
- Sponsorships and charitable activities
- Sports sponsorships
- Counteracting social exclusion and providing equal opportunities for children
- Implementation of scholarship programs to support young talent
- Employee involvement in volunteering
- Development of informed attitudes among customers (education about quality and use of products)

Indicator no.	Indicator name	G4 equivalent	CORE requirement	Location
<b>Rules and basis for reporting</b>				
101	Rules and basis for reporting		CORE	
<b>GENERAL INDICATIONS</b>				
<b>Profile indicators</b>				
102-1	Name of the organization	G4-3	CORE	Żabka Polska Sp. z o.o.
102-2	Activities, brands, products and services	G4-4 G4-PR6	CORE	Chapter 1, p. 12-14
102-3	Location of headquarters	G4-5	CORE	Chapter 1, p. 15
102-4	Location of operations	G4-6	CORE	Chapter 1, p. 15
102-5	Ownership and legal form	G4-7	CORE	Chapter 1, p. 18
102-7	Scale of the organization	G4-9	CORE	Chapter 1, p. 16, 34
102-8	Information on employees and other workers	G4-10	CORE	Chapter 4, p. 16, 64 Number of employees as of 31.12.2019. This value differs from the value in the financial statement, where the annual average is 1596.
102-9	Supply chain	G4-12	CORE	Chapter 1, p. 16
102-10	Significant changes to the organization and its supply chain	G4-13	CORE	Does not apply – this is the first company's first report
102-11	Precautionary Principle or approach	G4-14	CORE	Chapter 1, p. 22
102-12	External initiatives	G4-15	CORE	We have joined the Polish Coalition for Sustainable Palm Oil, which aims, to implement 100% sustainable palm oil in Poland. We also belong to the 5 Frakcji coalition, which focuses on creating and promoting innovative solutions to waste segregation and recycling, especially packaging.

Indicator no.	Indicator name	G4 equivalent	CORE requirement	Location
102-13	Membership of associations	G4-16	CORE	Member of the Polish Chamber of Commerce, the Polish Organization of Commerce and Distribution, the Lewiatan Confederation, Polish Franchise Organisation, and the Consumer Goods Forum.
<b>Strategy</b>				
102-14	Statement from senior decision-maker	G4-1	CORE	CEO statement, p. 6-7
102-15	Key impacts, risks, and opportunities	G4-2	CORE	CEO statement, p. 6-7
<b>Ethics and integrity</b>				
102-16	Values, principles, standards, and norms of behavior	G4-56	CORE	Chapter 1, p. 20-21
102-17	Mechanisms for advice and concerns about ethics	G4-57 G4-58	CORE	Chapter 1, p. 22
<b>Governance</b>				
102-18	Governance structure	G4-34	CORE	Chapter 1, p. 18
<b>Stakeholder engagement</b>				
102-40	List of stakeholder groups	G4-24	CORE	Our report, p. 82
102-41	Collective bargaining agreements	G4-11	CORE	Collective agreements do not operate it the company
102-42	Identifying and selecting stakeholders	G4-25	CORE	Our report, p. 80
102-43	Approach to stakeholder engagement	G4-26 G4-PR5	CORE	Our report, p. 82
102-44	Key topics and concerns raised	G4-27 G4-PR5	CORE	Our report, p. 83
<b>Reporting practice</b>				
102-45	Entities included in the consolidated financial statements	G4-17	CORE	Our report, p. 81
102-46	Defining report content and topic Boundaries	G4-18	CORE	Our report, p. 83

Indicator no.	Indicator name	G4 equivalent	CORE requirement	Location
102-47	List of material topics	G4-19	CORE	Our report, p. 81
102-48	Restatements of information	G4-22	CORE	Does not apply - this is the first company's first report
102-49	Changes in reporting	G4-23	CORE	Does not apply - this is the first company's first report
102-50	Reporting period	G4-28	CORE	Our report, p. 81
102-51	Date of most recent report	G4-29	CORE	Does not apply - this is the first company's first report
102-52	Reporting cycle	G4-30	CORE	Does not apply - this is the first company's first report
102-53	Contact point for questions regarding report	G4-31	CORE	Our report, p. 93
102-54	Claims of reporting in accordance with the GRI Standards	G4-32-a	CORE	p. 81
102-55	GRI content index	G4-32-b	CORE	Our report, p. 84
102-56	External assurance	G4-33	CORE	Our report, p. 81
<b>Management approach</b>				
103-1	Explanation of the material topic and its Boundary	G4-20 G4-21 G4-DMA-a	CORE	Our report, p. 6-7
103-2	The management approach and its components	G4-DMA-b G4-EN34 G4-LA16 G4-HR12 G4-SO11	CORE	Chapters 2, 3, 4, p. 6-7, 18, 24, 35, 47, 48-49
103-3	Evaluation of the management approach	G4-DMA-c	CORE	Chapters 2, 3, 4, p. 6-7, 18, 24, 35, 47, 48-49
<b>TOPIC INDICATIONS</b>				
<b>Economic topics:</b>				
<b>Economic performance</b>				

Indicator no.	Indicator name	G4 equivalent	CORE requirement	Location
201-1	Direct economic value generated and distributed	G4-EC1		Chapter 1, p. 15
<b>Market presence</b>				
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	G4-EC5		Chapter 4, p. 71
202-2	Proportion of senior management hired from the local community	G4-EC6		Chapter 4, p. 64
<b>Indirect economic impacts</b>				
203-1	Infrastructure investments and services supported	G4-EC7		Chapter 3, p. 46-57
203-2	Significant indirect economic impacts	GR-EC8		Chapter 1, p. 26-27
<b>Anti-corruption</b>				
205-1	Operations assessed for risks related to corruption	G4-SO3		All six business units at Žabka have been analyzed with regards to corruption risks. We identified the risk of managerial corruption during the preparation of goods to be sent along with their transport, as these areas do not require a tender procedure. The company recommends the establishment of regulations to control this area. In the Purchasing Department and the Adaptation Department, the audit revealed that there are potential risks of corruption among buyers and managers. Our response was to introduce and require compliance with purchasing procedures, along with instituting a compliance policy that

Indicator no.	Indicator name	G4 equivalent	CORE requirement	Location
				requires the verification of contractors, documentation of negotiations and conducting of negotiations in a manner that does not infringe on competition laws.
205-2	Communication and training about anti-corruption policies and procedures	G4-SO4		We have prepared a compliance training plan. The program includes the following issues: verification of business partners and reporting non-compliance and conflicts of interest, interest, acceptance and giving of gifts and samples, responsibilities of collective entities, rules of cooperation with public administrative bodies, economic corruption/anti-corruption laws, personal data protection, compliance system and Compliance Platform.
205-3	Confirmed incidents of corruption and actions taken	G4-SO5		Chapter 1, p. 12-31
<b>Anti-competitive behavior</b>				
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	G4-SO7		In 2019, our organization did not act as a participant in pending or concluded legal or administrative proceedings related to corruption and violations.
<b>TOPIC INDICATIONS</b>				
<b>Environmental topics</b>				
<b>Materials</b>				

Indicator no.	Indicator name	G4 equivalent	CORE requirement	Location
301-3	Reclaimed products and their packaging materials		CORE	Chapter 1, p. 39
<b>Energy</b>				
302-1	Energy consumption within the organization	G4-EN3	CORE	Chapter 1, p. 31 We did not obtain energy from renewable resources. External energy consumption did not occur.
302-3	Energy intensity	G4-EN5	CORE	Chapter 1, p. 31
302-4	Reduction of energy consumption	G4-EN6	CORE	Chapter 1, p. 31
<b>Water</b>				
303-1	Total water withdrawal by source	G4-EN8	CORE	22.425 thousand m <sup>3</sup> only include water supply from the municipal network (the data is from warehouses; stores are not monitored.)
<b>Biodiversity</b>				
304-2	Significant impacts of activities, products, and services on biodiversity	G4-EN12	CORE	Chapter 1, p. 39
<b>Emissions</b>				
305-5	Reduction of GHG emissions	G4-EN19	CORE	Chapter 1, p. 27-31
<b>Effluents and waste</b>				
306-2	Waste by type and disposal method	G4-EN23	CORE	Chapter 1, partially. Report applies only to recycled and recovered waste
<b>TOPIC INDICATIONS</b>				
<b>Social issues</b>				
<b>Employment</b>				

Indicator no.	Indicator name	G4 equivalent	CORE requirement	Location
401-1	New employee hires and employee turnover	G4-LA1		Chapter 4, p. 67
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	G4-LA2		Chapter 4, p. 68
<b>Labor/management relations</b>				
402-1	Minimum notice periods regarding operational changes	G4-LA4		According to Labour Code
<b>Occupational health and safety</b>				
403-2	Hazard identification, risk assessment, and incident investigation	G4-LA6		Chapter 4, p. 75
<b>Education and training</b>				
404-1	Average hours of training per year per employee	G4-LA9		Chapter 4, p. 72
404-2	Programs for upgrading employee skills and transitions assistance programs	G4-LA10		Chapter 4, p. 60-72
404-3	Percentage of employees receiving regular performance and career development reviews	G4-LA11		Chapter 4, p. 72
<b>Diversity and equal opportunity</b>				
405-1	Diversity of governance bodies and employees	G4-LA12		Chapter 4, p. 64-71
<b>TOPIC INDICATIONS</b>				
<b>Non-discrimination</b>				
406-1	Incidents of discrimination and corrective actions taken	G4-HR3		In 2019, there were no pending discrimination proceedings before the Ethics Committee.
<b>Child labor</b>				
408-1	Operations and suppliers at significant risk for incidents of child labor	G4-HR5		Chapter 2, p. 29

Indicator no.	Indicator name	G4 equivalent	CORE requirement	Location
<b>Forced or compulsory labor</b>				
409-1	Operations and suppliers at significant risk of incidents of forced or compulsory labor	G4-HR6		Chapter 2, no risk identified
<b>Local communities</b>				
413-1	Operations with local community engagement, impact assessments, and development programs	G4-SO1		100%
<b>THEMATIC INDICATORS</b>				
<b>Participation in public life</b>				
<b>Customer health and safety</b>				
416-1	Assessment of the health and safety impacts of product and service categories	G4-PR1		Chapter 2, p. 39
<b>Marketing and labeling</b>				
417-1	Requirements for product and service information and labeling	G4-PR3		Chapter 2, p. 39
<b>SECTOR INDICATIONS</b>				
<b>Food processing</b>				
G4-FP1	Percentage of purchased volume from suppliers compliant with company's sourcing policy			Chapter 2, p. 29
G4-FP2	Percentage of purchased volume which is verified as being in accordance with credible, internationally recognized responsible production standards, broken down by standard			Chapter 2, p. 29

**Anna  
Jarzębowska**  
CSR Expert

**+48 519 078 730**  
**Jarzebowska.Aнна@zabka.pl**





