



Animal Welfare Policy



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National Court Register (KRS) number: 0000636642
Tax identification number (NIP): 522-30-71-241

DOCUMENT SPECIFICATION

OWNER OF REGULATIONS	Joanna Kasowska Quality and Food Norms Management Head
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APPROVING ENTITY	Management Board resolution
STATUS	In force
DOCUMENT VERSION	1.0
DOCUMENT DATE	July 13th, 2022
NUMBER OF PAGES	8
SUBJECT MATTER	This Policy sets uniform norms for animal products/ingredients in Żabka Polska Own Brand Products and table eggs of other brands.

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Introduction

Responsibility is one of Żabka Polska's values - we are aware of the duties we have to the natural environment, employees, franchisees, consumers and communities that are home to our stores, and so we grow in a sustainable and responsible manner.

The Company aspires to create conditions in which sustainable living that nurtures our planet is possible for everybody every day. We stress our responsibility for the environment. Respect for people, animals and our planet are our guiding principle. The Company wants to permanently change things for the better wherever it can. Responsible business practices include concern for animal welfare because you can't talk about the quality of products, raw materials or food ingredients without considering where they came from and how they were produced.

The cause of animal welfare was significantly furthered on the global arena as a result of the adoption of the Universal Declaration of Animal Rights by the International Federation of Animal Rights in London on September 21st, 1977. The key point of the declaration was to recognize that an animal is not a thing, but a being and deserves respect. The same conclusions were reached in the Lisbon Treaty and the Polish Act on Animal Protection which undoubtedly was a milestone on the road to allowing farm animals a better life. Animal welfare is defined as a condition of full physical and mental health in which animals live in harmony with the environment. It is achieved when an animal is healthy, safe, well-nourished, comfortable, free to display natural behavioral patterns and does not experience pain, fear or distress. It covers all the elements relating to proper treatment of animals across the entire chain, from rearing an animal on a farm until it reaches a slaughterhouse. It is crucial to remember that proper rearing conditions are directly tied to the quality of the product.

Inappropriate conditions, where the animal suffers hunger, thirst, exhaustion, excessive sun exposure, noise or maltreatment, cause stress which leads to muscle weakness and produces excessive amount of lactic acid which, in turn, affects the color, tenderness and water binding capacity of meat. Meat can be divided into the following quality classes depending on the defects resulting from poor animal welfare: PSE (pale, soft, exudative meat), DFD (dark, firm and dry meat), ASE (acidic, soft, exudative meat), RSE (reddish-pink, soft, exudative meat). If animals are maltreated, the meat produced from them will have poor quality and defects that make it unfit for many products. Healthy and safe food may only come from healthy animals.

The economic aspect should be taken into account, too – regularly growing, healthy animals bring higher profit. We must shield animals from suffering to make sure they are free from diseases, injuries and pain. Other important elements include:

- ready access to water
- appropriate amount and quality of feed
- appropriate living conditions in which animals can move freely and do not experience thermal discomfort

- mental comfort - freedom from stress and distress
- freedom to display natural behavioral patterns

All these conditions should be present in animal production systems.

At Żabka Polska, we know how important it is to treat animals well. In addition, we have control over whether raw materials come from legal farms and safe sources. This is why we want to take up the challenge of responsible sourcing of animal products and ingredients in Own Brand Products. This way we and our customers can be sure that all the Own Brand Products that Żabka offers come from sources which are concerned for the wellbeing of animals.

Żabka Polska's requirements in the field of animal welfare, concerning the raw materials used in the Own Brand range of products, are based on regulations, good practices and standard ISO TS 34700:2016 Animal Welfare Management. It applies to land animals (mammals and birds), breeding animals or animals kept for the production of food/feed. The Animal Welfare Policy supports the implementation of the Responsibility Strategy: pillar - Sustainable lifestyle, area - Healthy eating, and takes us closer to achieving our ambition of enabling our customers to improve their daily eating habits for their own sake and for the sake of our planet, making sustainable options the obvious choice.

Given the rearing conditions for laying hens, we decided to pay special attention to the issue of both table eggs, as well as eggs used as ingredients in the production of Own Brand Products. The space where hens live is especially important for their wellbeing. We want laying hens to be able to display their natural behavioral patterns, which they are prevented from if they live in cages. The rearing conditions for hens should be as close to their natural environment as possible. This Policy defines our goals within the framework of the so-called Five Freedoms, which are the basis for animal welfare requirements.

We aspire to building a sustainable future. To that end, we want to make sure that all suppliers who provide Own Brand Products share our commitment to follow the animal welfare principles, bringing us closer to achieving our goal. We want to work with our business partners and support them in the efforts to raise the standards in terms of animal welfare. Our plans involve cooperation with only those suppliers who share our mission related to the product suppliers to Żabka Polska. We expect them to implement an animal welfare policy based on legal regulations, good practices and the requirements of standard ISO TS 34700:2016. We feel fully responsible for Own Brand Products available in our stores and this pushes us to do more than we are required by law. Making sure that animals used for our products live in decent and sustainable conditions is important to us.

As a Company, we want to be certain that our suppliers also implemented an animal welfare policy in terms of raw materials and products, which will be taken into account during the supplier verification process. Raw materials used in the products sold by the Company can only come from sources which - like us - care for animal wellbeing.

Section 1 Policy purpose and scope

1.1. This Policy sets out uniform norms for animal products used in the production of the Żabka Polska Own Brand range of products and indicates the direction in which other brand producers should go in determining the norms for their products.

1.2. This Policy also includes uniform norms for table eggs.

1.3. This procedure applies to the Company.

Section 2 Definitions and abbreviations

- 2.1. **Policy** → this animal welfare policy
- 2.2. **Żabka Polska, Company** → Żabka Polska sp. z o. o.
- 2.3. **Employees** → all persons employed by Żabka Polska under an employment relationship, regardless of the type of employment contract and working time.
- 2.4. **Associates** → persons providing services or other assignments to Żabka Polska under Cooperation Contracts or powers of attorney, including Partners, Managers and Heads
- 2.5. **Officers** → Management Board President, Management Board Vice-Presidents, Management Board Members and Holders of Commercial Power of Attorney of Żabka Polska, as well as persons in charge of the organization and management of the work process in individual organizational units of the Company reflected in the organizational chart of Żabka Polska (Heads, Managers, Coordinators, etc.);
- 2.6. **Franchisees and Agents** → persons who operate a store under the Żabka brand on the basis of an appropriate contract executed with the Company
- 2.7. **Animal Products** → processes or unprocessed products that come from animals or are derived from animals, intended for human consumption; this Policy applies to meat, eggs
- 2.8. **Animal welfare** → it is a sequence of processes/ steps that raw materials go through from the original producer to the end producer (e.g., rearing, transport, slaughtering)
- 2.9. **Own Brand Products** → products offered to consumers under the Żabka Polska brand, understood as products manufactured by a given supplier, with qualities specified by Żabka Polska, put in a packaging specified by Żabka Polska and bearing a trade mark specified by Żabka Polska, with all intellectual property rights to such a trade mark held by Żabka Polska
- 2.10. **Brand Products** → products offered to a consumer under the producer's brand

- 2.11. Alternative production System** —————> poultry keeping methods, including barn, free-range, organic farming systems, as well as Green-legged partridge keeping

I Section 3 General rules

3.1. This Policy is meant to ensure that the Company reaches its goals: use of animal materials which satisfy legal regulations and comply with good practices, standard ISO TS 34700:2016 and uses eggs from alternative production systems.

3.2. Cooperation with business partners which have and follow an animal welfare policy for products supplied to Żabka Polska.

3.3. Communication of animal welfare requirements to suppliers and verification of their handling of their own raw material suppliers

3.4. The Company's goal:

Eggs, products containing eggs and egg-based products:

- 04.2022 - no eggs from caged hens among the table eggs offered by Żabka Polska
- 06.2023 - no eggs from caged hens among the main ingredients in Own Brand Products
- 01.2025 - no eggs from caged hens among derivative ingredients or half-products in Own Brand Products

Animal products:

- 06.2023 - products containing raw meat (poultry, beef, pork) among Żabka's Own Brand Products meet the conditions set in the Animal Welfare Policy which presumes the conformity with the legal regulations and standard ISO TS 34700:2016 based on the "FIVE FREEDOMS":
 1. Freedom from hunger and thirst, by ready access to fresh water and a diet to maintain health and vigor
 2. Freedom from discomfort, by providing an appropriate environment, including shelter and a comfortable resting are, as well as good quality air
 3. Freedom from pain, injury and disease, by prevention or rapid diagnosis and treatment, as well as ensuring the correct muscle tone, posture and cardiac and respiratory function
 4. Freedom to express normal behavior, by providing sufficient space, proper facilities and appropriate company of the animal's own kind, as well as appropriately diverse conditions
 5. Freedom from fear and distress, by ensuring conditions and treatment, which avoid mental suffering.

| Section 4 Detailed rules

This Policy sets out the key assumption in respect of animal welfare that the Company is committed to follow:

- **education and dialog with business partners** about animal welfare and the phase-out of eggs from caged hens
- **support for responsible producers** - choosing those Own Brand Product suppliers who have implemented and follow an animal welfare policy and verify the compliance with this policy among their suppliers;
- **building the range of Own Brand Products** in the interest of animal welfare (verification of operations in terms of the animal welfare requirements, among others, feeding animals GMO-free feed, appropriate living conditions, good health condition, using antibiotics sparingly only when animals need them for treatment, maintaining physiological indicators at the correct level, displaying normal behavior patterns)
- **raising awareness** about animal welfare among Employees, Associates and Franchisees
- **educating consumers** about animal welfare, supporting informed shopping choices

| Section 5 Policy update and review

5.1. The Quality and Food Norms Management Head ensures that the Policy complies with generally applicable laws and verifies potential irregularities in the enforcement and implementation of the Policy.

5.2. The Procedure is periodically reviewed and - if necessary - updated accordingly to ensure that it complies with applicable legal regulations.

5.3. The Policy is reviewed and updated by the Quality and Food Norms Management Head at least once every 12 months.

| Section 6 Final provisions

6.1. This Policy was adopted by the Company Management Board on July 13th, 2022.

6.2. This Policy enters into force on July 20th, 2022.

