



Water Resources Policy



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SUBJECT MATTER	This Water Resources Policy sets out the guidelines meant to reduce water use and protect water resources. It applies to Żabka Polska, Franchisees, as well as suppliers of Own Brand Products and other brand products.

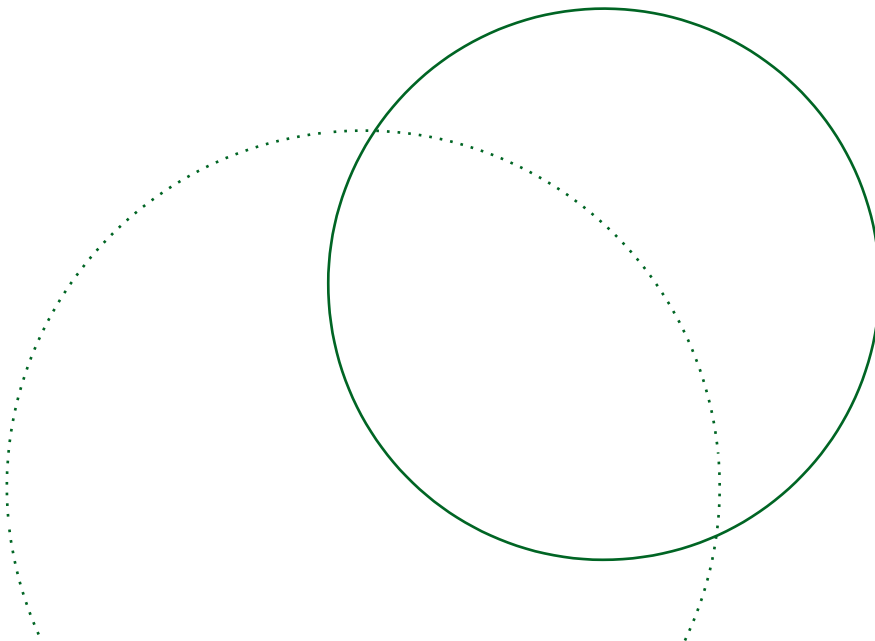


TABLE OF CONTENTS:

Introduction	4
Section 1 Policy purpose and scope	4
Section 2 Definitions and abbreviations	5
Section 3 General background of policy	6
Section 4 General rules	7
Section 5 Detailed rules	8
Section 6 Policy update and review	9
Section 7 Final provisions	10

Introduction

Water is a common good which becomes an increasingly scarce commodity, pushing the world gradually towards a water crisis. Today, more than 2m people are at risk of having their access to drinking water taken away. Water shortages, poor quality of water and inadequate sanitation lead to many diseases, food contamination, and, in many cases, higher mortality. These problems are exacerbated by asymmetrical water consumption, with some countries facing water shortages and others using more water than they need.

The Water Resources Policy sets out the key rules relating to water resources management which are meant to ensure universal and fair access to drinking water, improve the quality of water by preventing contamination, limit the use of hazardous chemical substances and improve the water-use efficiency across all sectors.

Żabka Polska is guided by values that help the Company to achieve its goals every day. We always try to ensure that our actions do not harm our planet and follow the principles of sustainable development. This is why one of the main pillars of the Responsibility Strategy is the Green Planet focusing on the reduction of our environmental footprint at each point in a product's life cycle, which includes measures aimed at protecting water resources.

The Water Resources Policy will point us in the right direction to protect water resources and reduce water use, thus, helping us to achieve the goals we set on time.

Section 1 Policy purpose and scope

- 1.1.** The Water Resources Policy sets out the rules relating to the reduction of water use and the protection of water resources.
- 1.2.** This Policy applies to the present and future suppliers of Own Brand Products and other brand products, as well as Żabka Polska Franchisees.
- 1.3.** This procedure applies to the Company.

I Section 2 Definitions and abbreviations

- 2.1. Policy** → this Water Resources 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 to Żabka Polska or performing other tasks under a cooperation contract (i.e. civil-law contract, including a services contract, mandate contract or a specific-work contract) or appropriate powers of attorney;
- 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. Business partner** → a natural or legal person with a business relationship with Żabka Polska, i.e., suppliers of products and services
- 2.8. 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 trademark specified by Żabka Polska, with all intellectual property rights to such a trademark held by Żabka Polska
- 2.9. Brand Products** → products offered to a consumer under the producer's brand
- 2.10. Water Framework Directive (WFD)** → Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy. It is a piece of EU legislation with the primary goal of maintaining and improving the condition of surface water and groundwater in terms of both quality and quantity
- 2.11. Water Act** → the act dated July 20th, 2017 which regulates water management based on the principle of sustainable development, especially the shaping and protection of water resources, water use and water management
- 2.12. Sustainable Development Goals** → the goals defined in the 2030 Agenda which are to be achieved by the world by 2030
- 2.13. Industrial waste water** → waste water other than domestic waste water, rainwater or snowmelt

- 2.14. Catchment Area** → a part of a drainage basin where all water converges to a single stream;
- 2.15. A body of surface water** → a separate element of surface water, such as a lake or any other natural or artificial water reservoir, flow, stream, brook, river, channel or a part of them, transitional marine water or coastal water
- 2.16. A body of groundwater** → a specific volume of groundwater within a single aquifer or a group of aquifers
- 2.17. Environmental Goals in the context of the WFD** → an environmental goal in respect of bodies of water is the protection, improvement and the restoration of the condition of bodies of water with a view to achieving a good condition of waters, as well as the prevention of deterioration of water

Section 3 General background of policy

Żabka Polska wants to bring down to a minimum the impact that each link of our supply chain has on the natural environment and the related consumption of valuable resources. Fresh water is one of the elements of the natural environment that people, flora and fauna need to survive. Access to fresh water is also a recognized human right (UN, 2010).

External requirements:

3.1. The 2030 Agenda, which is a plan of action for the world in a 2030 perspective, is built around 17 Sustainable Development Goals.

Two of them, referred to as "Clean water and sanitation" and "Responsible consumption and production", aim to reduce water use and protect water resources.



3.2. The Water Framework Directive is the product of a joint effort of the Community in support of water policy. It requires all the Member States to protect fresh water resources against deterioration. The directive focuses on the sustainable use of water by natural persons and business, among other issues. In addition, it introduces the principle of cost recovery for water services through efficient water use and the polluter-pays principle.

3.3. Domestic legal requirements: the Water Act dated July 20th, 2017, the Regulation of the Infrastructure Minister dated January 14th, 2002 on the Average Water Consumption Norms and the Regulation of the Environment Minister dated November 18th, 2014 on the Conditions for the Discharge of Waste Water to Surface Waters or into the Ground and on Substances Especially Harmful to Water Environment. They establish the way water resources should be used and protected against contamination.

Internal requirements

In addition to the above external requirements, Żabka Polska is committed to taking other environmentally friendly actions. Its strategic commitment best formulated as follows: sustainable living that nurtures the planet for everybody every day. This motto is reflected in the actions we take to promote sustainable development. To achieve these ambitions, we implement a wide-ranging Responsibility Strategy (ESG) which is built upon four pillars. Each of them represents a different area of activity and quantitative and qualitative goals that bring us closer to achieving our mission.

The "Green Planet" is one of those pillars. Its key ambition is to minimize the environmental footprint across all stages of a product's life cycle. The main spheres of influence in this respect include circularity and sustainable sourcing of raw materials.

I Section 4 General rules

The Water Resources Policy defines the key assumptions for water resources management in the course of the production of Żabka Polska's Own Brand Products. It also sets the direction for the production of brand products, the operations of Franchisees, as well as our own operations.

Żabka wants to operate with due regard for sustainable use and protection of water resources in line with the following postulates:

- 4.1.** The needs of the present generation are met with due regard for the condition of the natural resources of the environment and for its ecosystemic functions, anticipating the needs of future generations, especially in respect of access to drinkable water, as well as the preservation of natural resources;
- 4.2.** Responsible management of water resources aimed at preventing of degradation of the so-far good condition of bodies of water or improving the condition of bodies of water, including bodies of surface water and groundwater, as well as contributing to the protection of biological diversity and the preservation of natural habitats;
- 4.3.** Continuous improvement of the efficiency of use of water resources in processes and products in order to minimize water consumption and human impact on water ecosystems, both freshwater and marine ecosystems, as well as to improve their condition and capacity to provide ecosystemic services;
- 4.4.** Wide-range responsible water resources management through the minimization of business partners' impact on the quantitative, qualitative and morphological condition of water resources;
- 4.5.** Compliance with legal requirements – obtaining the required permits, conducting tests, monitoring water consumption.

I Section 5 Detailed rules

Żabka Polska uses water mainly for utility purposes. Industrial wastewater is produced at warehouses. The quality and amount of industrial wastewater is monitored on a current basis. Żabka has the necessary permits required under water regulations and complies with the conditions resulting from them. A detailed analysis of Żabka Polska's operations showed that industrial wastewater has no impact on the quantitative and qualitative condition of bodies of surface water and groundwater in catchment areas where logistic centers are located.

The analysis also covered the risk of failing to achieve environmental goals resulting from the Water Framework Directive for these parts of waters, however, no such risk was found.

In addition, environmental issues, including water consumption at all logistic centers, terminals and headquarters of Żabka Polska, are monitored on a regular basis.

Water is not used for production purposes in connection with Żabka Polska's direct operations. That said, the Company's operations have an indirect impact on water resources. Water is used in production processes ran by suppliers of Own Brand Products and brand products. This is why it is necessary to determine the basic directions to be followed in order to reduce the excessive use of water resources in the course of these production processes.

Business Partners and Żabka Polska – detailed requirements:

Żabka Polska - requirements:

1. Żabka Polska will obtain the AWS certificate by the end of 2023.
2. To improve the condition of water resources, Żabka Polska will take an active part in available projects addressing sustainable water resource management. Żabka Polska will take measures to join an alliance the objectives of which will focus on:
 - the promotion of sustainable development principles in the area of water and wastewater management,
 - bringing together the various groups sharing the same interest in sustainable water resource management,
 - the use of solutions supporting the protection of life on land and in water and production of increased amount of food with lower water consumption,
 - decontamination of rivers/lakes,
 - the presentation of good practices and advantages of water retention measures at the local, domestic and global level.

The above-listed actions will be completed by the end of 2023.

3. Żabka Polska will introduce water recycling solutions where possible and in new locations.
4. Żabka Polska will examine suppliers of own brand products in terms of the location of their plants in water stress areas, water consumption or water contamination to assess the risk and introduce requirements relating to water resources management.

Own Brand Products suppliers – requirements:

1. Suppliers with plants located in the areas of water stress will take actions focusing on reasonable use of water to reduce water use and will be required to implement the requirements of a water management norm, e.g. AWS, by the end of 2024.
2. Suppliers with high water consumption, causing water contamination, will be required to implement the requirements of a water management norm, e.g. AWS, by the end of 2024.

These requirements apply to Own Brand Products suppliers. As far as the suppliers of other brand products are concerned, the above requirements should be treated as guidance.

Additional actions supporting the implementation of the Water Resources Policy:

1. Raising awareness about the scarcity of water resources and sustainable use of water resources by running informational and educational campaigns addressed to employees, associates, business partners and customers.

| Section 6 Policy update and review

- 6.1.** 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.
- 6.2.** The Procedure is periodically reviewed and - if necessary - updated accordingly to ensure that it complies with applicable legal regulations.
- 6.3.** The Policy is reviewed and updated by the Quality and Food Norms Management Head at least once every 12 months.

Section 7 Final provisions

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

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

